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After Sanctions Law, U.S. Policy on Africa Is in State of Disarray

By David B. Ottaway
Washington Post Service

WASHINGTON — The passage of the South African sanctions bill appears to have left U.S. policy in southern Africa in disarray, with the Reagan administration now in a weaker position to influence the white government in Pretoria or to act as peacemaker in the region.

NEWS ANALYSIS

Administration supporters and critics seem to agree that serious questions remain as to how those in charge of implementing the new U.S. policy will react. In effect, the Reagan administration has been ordered by Congress to carry out a sanctions policy that it vigorously opposed down to the last vote.

Moreover, those in direct charge of implementing it, Secretary of State George P. Shultz and the assistant secretary of state for African affairs, Chester A. Crocker, have been the administration's most vocal opponents of new sanctions, leaving open the question of whether they will work to implement or undermine the new get-tough policy toward the South African government.

"Congress can't legislate what people say at the State Department or the White House," said a Senate staff aide who added that U.S. credibility in southern Africa may have suffered a major blow. "We are making ourselves irrelevant until the administration comes up with a policy we can all support."

Senator Richard G. Lugar of Indiana, the Republican chairman of the Senate Foreign Relations Committee who Thursday led the battle to override President Ronald Reagan's veto, called passage of the sanctions bill "a new beginning for American foreign policy" toward South Africa, saying it showed that the United States "stands on the side of those struggling for democracy."

Representative Howard E. Wolpe of Michigan, the Democratic chairman of the House Foreign Affairs subcommittee on Africa, agreed with Mr. Lugar that U.S. policy was on the verge of a new era. But he noted that Congress, not the administration, has been reshaping the policy and warned that the result could be "continued confusion."

"The instincts of the administration continue to run contrary to the new policy," he said. "We have a series of wholly inconsistent poli-

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RELATED ARTICLES

■ Members of the Black Caucus in Congress were jubilant over the sanctions. Page 3.

■ Chief Mangosuthu Buthelezi said black-white negotiations must recognize South Africa as one country. Page 6.

Reuters

John Rummings, above center, and an unidentified companion on the Berlin Wall. Both were arrested, and the companion had to be dragged from the wall.

American Seized After 2d Ramble Atop Berlin Wall

Reuters

BERLIN — An American has been arrested by East German border guards after climbing onto the Berlin Wall, two months after he was detained in a similar incident, the police said.

A spokesman said John Rummings, 68, had scaled the wall near Potsdam Square in the western half of the city and had been arrested after he started running along it. Another man, whose identity was not known, was also detained, the spokesman added.

Mr. Rummings, from Seattle, was seized by guards in August after running along the wall and knocking chunks out of it with a hammer. He was released to the U.S. Embassy in West Berlin the following day.

Diplomats said then that Mr. Rummings had a history of such protests.

Soviet Nuclear Submarine Burns Off Bermuda; 3 Die

Sister Vessel Tows It Away From U.S.

By Celestine Bohlen
Washington Post Service

MOSCOW — A fire aboard a Soviet nuclear submarine in waters off Bermuda killed three crew members and injured others, Tass has announced.

The Soviet news agency said Saturday that Moscow did not believe there was danger of "unauthorized action of weapons, a nuclear explosion or radioactive contamination of the environment" as a result of the fire, which broke out Friday.

Neither Tass nor Soviet officials provided further details on the accident Sunday.

In Washington, a Pentagon spokesman said that a U.S. Navy surveillance aircraft had "observed the submarine on the surface," at 1,196 miles (1940 kilometers) east of Cape Hatteras, North Carolina, and 552 miles east of Bermuda.

[The submarine began slowly moving again on its own power Sunday, then hooked up a line to another Soviet vessel that towed it away from the U.S. coast toward the northeast, the Pentagon said. The Associated Press reported from Washington. The fire on the submarine appeared to be out, said Major Larry Icenogle, a Pentagon spokesman.

[The submarine began moving early Sunday afternoon under its own power at two nautical miles an hour, Major Icenogle said. But a little more than four hours later, around 5 P.M., he reported, "the Soviet sub is under tow by the Soviet merchant vessel Krasnogvardeysk."

[U.S. planes detected no radiation from the crippled vessel, George P. Shultz, the U.S. secretary of state, said earlier in the day. "There are U.S. planes overhead, so we know that it's true that there's no additional radioactivity in the atmosphere," he said. "And I gather they have some method of measuring what's going on in the

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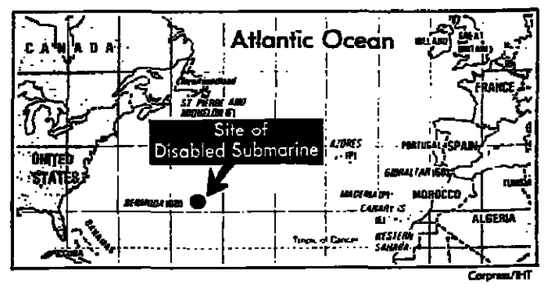

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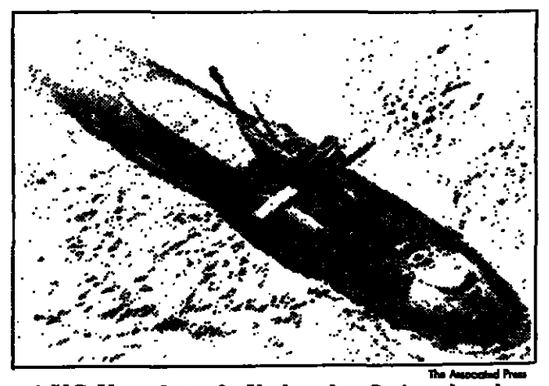

The Associated Press

A U.S. Navy photo of a Yankee-class Soviet submarine.

Release of Radioactivity Is Unlikely, Experts Say

By Robert D. McFadden
New York Times Service

NEW YORK — A large release of radioactivity from the fire-damaged Soviet submarine in the north Atlantic is highly unlikely, according to private and government experts on nuclear technology.

Even if such a release did occur, they said Saturday, its dangers would be minimal to people in the countries bordering the Atlantic.

The experts also said that there was no danger of a nuclear explosion, either in the submarine's reactor or in its nuclear-tipped ballistic missiles.

In order to detonate, a nuclear missile must be armed, and it cannot otherwise be set off by a fire or a jarring, the experts said. They noted that Soviet and American submarine commanders were under orders not to arm the missiles unless they were about to be used.

Contrary to a widely held belief, a nuclear reactor cannot explode in the sense that a nuclear bomb blows up, the experts said, though smaller chemical explosions of nuclear fuel are possible in a fire or runaway chain reaction.

"In a reactor, military or commercial, it's physically not possible for there to be a nuclear explosion," said Mark Mills, the president of Science Concepts Inc., an

See NUCLEAR, Page 6

Gorbachev to Press for a Missile Cut, Russians Say

By Gary Lee
Washington Post Service

MOSCOW — When Mikhail S. Gorbachev meets with President Ronald Reagan on Saturday, the Soviet leader's aides say, his most promising prospect is to seal an agreement to scale back medium-range missiles.

Such an accord would bring the arsenal of Soviet SS-20s aimed at Western Europe down to a token level and diminish the damage that their deployment has done to Moscow's image in Europe.

The Soviet-proposed meeting in Iceland could thus be interpreted as an escalation of the "charm offensive" aimed at Western Europe that Mr. Gorbachev initiated a year ago. In a speech then to members of the French Parliament, he called for "the speediest mutual reduction" of medium-range missiles.

Mr. Gorbachev later mounted a campaign for an accord on intermediate-range nuclear forces. In so doing, he rejected the rigid stance that his predecessors took in November 1983, when they walked out of Geneva arms control negotiations to protest the stationing of Pershing-2 and cruise missiles by NATO in response to the buildup of SS-20s in the European part of the Soviet Union.

The Soviet comments came on the heels of remarks Friday by administration officials in Washington that the Iceland meeting could produce "an agreement to agree" on how to resolve the long-standing differences on medium-range missiles.

Western diplomats in Moscow regard the prospective Soviet agreement to dismantle the SS-20s as tantamount to an admission that the Kremlin made a political blunder in the 1970s when it began to pepper the European part of the country with 270 of the missiles.

Asked last week at a press conference in Helsinki why the Soviet Union had built up such a stockpile of SS-20s, Georgi Arbatov, director of the U.S.A. and Canada Institute, reportedly told journalists: "Sometimes I wonder that myself."

But by Western accounts there could be important benefits for Mr. Gorbachev if he, in effect, tacitly acknowledged the mistake and pushed Mr. Reagan for an accord on intermediate-range forces during their meeting in Iceland.

"If those SS-20s are ever really removed," said a West European diplomat, "everyone from Berlin down to Rome will break out in jubilation at Moscow's peace initiatives."

When Mr. Gorbachev came out Jan. 15 with his blueprint for worldwide disarmament by the year 2000, it included a step-by-step plan for eliminating the European-based SS-20s, the 108 U.S.-built Pershing-2 missiles in West Germany and the 256 U.S. cruise missiles already stationed in five West European countries.

Western analysts in Moscow regarded the European missiles as the most plausible part of the package, but one with too many strings attached to other elements of the arms control negotiations.

Mr. Gorbachev, however, has since dropped a condition that Washington back away from its commitment to the anti-missile defense system known as the Strategic Defense Initiative, or "star wars," before a deal on medium-range missiles can be struck.

He has also apparently waived the original demand that cuts, or at least a freeze, in British and French arsenals be negotiated as part of an accord reducing medium-range missiles.

Complaining in a newspaper interview early last month that "not one inch" of progress on arms control had been made with Washington, Mr. Gorbachev sent a letter to Mr. Reagan with new proposals for reductions in intermediate-range forces and a suggestion that the two leaders meet.

On the eve of the meeting in Iceland, the "only substantive hang-up" in the negotiations on *intermediate forces is a Soviet* reluctance to include its 171 Asian-based SS-20s in the reductions, according to diplomatic sources in Moscow.

"But I have the sense that there is flexibility of that point, too," a Western diplomat said.

Some Western diplomats in Moscow, and Soviet officials, too, interpret the bid for such an agreement as a reflection of the need for the Soviet leadership to produce a tangible success in its foreign policy; thus proving to critics that its new and sometimes controversial positions are viable.

But Soviet officials also said that

See SUMMIT, Page 6

Orlov Freed; Dissident And Wife Arrive in U.S.

By Paul Valentine
Washington Post Service

NEW YORK — Yuri Orlov, a Soviet dissident whose release from Siberian exile was part of the U.S.-Soviet agreement last week to free Nicholas Daniloff, arrived Sunday in the United States.

Shortly after stepping off an Aeroflot jet at Kennedy International Airport, Mr. Orlov said he was grateful to "start a new life," and to "say whatever I want freely."

But he added, "I have very complicated feelings." He said he had left his homeland and "my native language, my native culture."

Mr. Orlov reportedly had hoped to be released from exile but allowed to remain in the Soviet Union as a free citizen. Some supporters said he had not sought to emigrate and viewed his part in the Daniloff agreement as an expulsion.

Mr. Orlov was accompanied on the flight from Moscow by Richard Combs, deputy chief of mission at the U.S. Embassy.

Mr. Orlov thanked Mr. Combs and other U.S. officials for his release, a move that came after the Soviet Union released Mr. Daniloff, a journalist charged with espionage, and the U.S. released Gennadi F. Zakharov, a Soviet employee at the United Nations charged with espionage.

Mr. Orlov, 62, along with his wife, Irina, 40, spoke briefly at the airport. He described his health as "not bad" and said his immediate plans were to continue studies as a physicist. Mrs. Orlov said, "I'm just happy that at last my husband is free."

Mr. Orlov had headed the Moscow branch of an unofficial committee established in 1976 to monitor Soviet compliance with the human rights provisions of the East-West Helsinki accords of 1976.

He made numerous reports to Western diplomats and reporters, alleging violations and was arrested and convicted under laws prohibiting anti-Soviet propaganda. He was sentenced in 1978 to seven years in prison and five years in exile in Siberia.

Reuters-UPI

Yuri Orlov after his arrival in New York on Sunday.

The Associated Press

One of the huge new barriers that closes off the Eastern Scheldt estuary from the North Sea. At bottom right is the building that houses the project's control room.

Dutch Inaugurate Advanced Sea Barrier

Project Is Final 'Finger in Dike'

By Joseph Lelyveld
New York Times Service

NEELTJE JANS, Netherlands — Queen Beatrix has pushed a button here dropping a row of steel gates on the costliest and technologically most advanced sea barrier the Dutch have erected in the nine centuries they have been battling the sea.

Designed to repulse the sea at its fiercest, the gates are each 500 tons in weight, 17 feet (5.16 meters) thick and 130 feet wide.

In all, there are 62 of them, set between concrete piers in the Eastern Scheldt River's three channels. In a strong southwester, comparable to the one in 1953 that drove the highest tides in recorded history against Zeeland's dikes, with the loss of 1,835 lives, the 62 gates can be dropped simultaneously.

Stretching for a mile and a half (2.4 kilometers), the sea barrier is the largest Dutch public works project since the war, costing $2.4 billion. A triumph of hydraulic engineering, it used new techniques and equipment and caps a 30-year project designed to virtually eliminate the chance of a recurrence of the 1953 disaster.

What is expected to be the last major water-control project in the Netherlands may be inactive most of its life, except for the highway atop the floodgates. A storm requiring the closing of the gates is likely to occur an average of once in five years, or 40 times in the structure's 200-year projected lifetime.

Environmentalists and oystermen, who resisted a plan to shut off the estuary completely with a dam, question whether the barrier was really necessary. The raising of dikes and other water-control measures in the last three decades, they say, make it unlikely that a storm as severe as the one of 1953 could again do much damage.

The barrier, planned in the 1970s after work on a solid dam had already begun and the dispute had nearly brought down a government, was conceived as a compromise to preserve a fragile ecological system of shellfish and birds.

Because the storm barrier will be open, except in emergencies, it will only marginally affect tides. By the same token, this most elaborate of water-control projects is also unusual in that it yields no reclamation of land from the sea.

The sheer scale of the engineering achievement awed the doubters Saturday as Presidents François Mitterrand of France and Richard von Weizsäcker of West Germany, along with the duke and duchess of York, joined 25,000 Nether-

See DUTCH, Page 6

Turks Upset By U.S. Offer On Bases

By Loren Jenkins
Washington Post Service

ANKARA — Prime Minister Turgut Ozal has expressed unhappiness at what he called the lack of serious aid offers for renewing the accord on American use of major nuclear-staging and intelligence-gathering facilities in his nation.

"I think it is very clear that promises given by the U.S. administration are just promises, not commitments," Mr. Ozal said in an interview Friday. "Maybe we don't show our unhappiness like others show it, but it is there."

Mr. Ozal spoke as his foreign minister, Vahit Halefoglu, held an apparently unfruitful 35-minute meeting with Secretary of State George P. Shultz in New York about the deadlock over the renewal of the five-year U.S.-Turkish Defense and Economic Agreement.

The agreement technically expired in December, but automatically renews itself for a year at a time unless one side gives notice that it will cancel. Turkey has not threatened to cancel, as neighboring Greece has with its agreement with the United States, but has asked for terms to be renegotiated.

The agreement, signed in 1980, provides for U.S. use of Turkish military facilities in exchange for U.S. military and economic aid. Turkey, a nation of 51 million people, anchors the North Atlantic Treaty Organization's vulnerable eastern flank.

The accord allows the United States to maintain a strike force of several squadrons of air force F-16 fighter-bombers on the northern rim of the Middle East as well as to operate intelligence facilities that monitor communications, missile launches and nuclear tests in the Soviet Union.

While U.S. officials declined to speak about the subject, high-level Turkish officials maintained that the agreement also provides for the maintenance of U.S. nuclear-arms stockpiles, which they said include "actual planes with bombs waiting to fly in case of war."

Mr. Ozal and other Turkish officials indicated they believed they were providing the United States with much more than Washington was paying for.

Turkish officials said they want a commitment of much greater U.S. aid to help modernize the 630,000-member Turkish armed forces, NATO's second-largest standing army.

With the Turkish Army still using old M-48 tanks and the air

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INSIDE

GENERAL NEWS

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■ NASA has announced a new flight schedule for the space shuttle fleet. Page 3.

BUSINESS/FINANCE

■ Output quotas are likely to dominate talks by the Organization of Petroleum Exporting Countries. Page 11.

SPECIAL REPORT

■ Denationalization is likely to weaken French banks in international competition. A report on French banking. Page 7.

After Stylish Victory, Kasparov's Crown Seems Secure

By Serge Schmemann
New York Times Service

MOSCOW — As 800 people watched in tense silence in the Leningrad Hotel concert hall, the referee in the world chess championship match opened Saturday a move sealed by Garri Kasparov in a game that had been adjourned the night before.

Then, when the move was announced, the crowd exploded in a standing ovation, aware that the move guaranteed a victory for Mr. Kasparov in the game and, barring a near-miracle, his defense of the championship.

The challenger, Anatoli Karpov, struggled for several more moves in the slender hope that Mr. Kasparov would commit a gross blunder.

Faced with an inevitable checkmate, Mr. Karpov resigned the game, the 22d in his bid to regain the title he lost to Mr. Kasparov a year ago. The 24-game rematch began July 28 in *London and moved to Leningrad on Sept. 5.*

The victory gave Mr. Kasparov eleven and a half points to Mr. Karpov's ten and a half, and put Mr. Kasparov within a draw of victory, because a 12-12 tie would let the champion keep his crown. The next game is to be played Monday.

Mr. Karpov needs victories in the next two games to win the match, a feat most grandmasters consider almost impossible.

Yet Mr. Karpov, a polished and meticulous strategist who held the title for 10 years before losing it, has proved capable of defying common wisdom before. Less than three weeks ago, he was down three games and had been effectively written off by the fans in Leningrad.

Then, suddenly he won three in a row and erased Mr. Kasparov's lead, tying the series and leaving the outcome to the last four games of a struggle that began 94 games and more than two years ago, on Sept. 10, 1984, in the ornate Hall of Trade Unions here.

Mr. Kasparov was then 21 years old and had *stormed through the ranks of a country fabled* for its addiction to chess. Mr. Karpov was 33, a masterly technician from Leningrad with a lackluster image who had assumed the championship when Bobby Fischer of the United States refused to defend it in 1975.

The rules of the first Karpov-Kasparov match called for an unlimited series that would end when one of the players had won six games. It looked at first to be a romp for Mr. Karpov, who quickly won four games.

But the young challenger abandoned his aggressive assaults and settled into a defensive stance, and endless draws began to pile up. Mr. Karpov went to 5-0, but the grind began to tell on the slight champion. Suddenly, Mr. Kasparov won one game, then in quick succession the 47th and 48th.

It was then that the president of the World Chess Federation, Florencio Campomanes of the Philippines, stepped in and halted the match, contending that everyone was exhausted.

Mr. Kasparov erupted in anger, charging that he had been robbed. But the ruling stood,

See CHESS, Page 6

Officials in Pacific Say Soviet Union Is Making Little Headway

By Michael Richardson
International Herald Tribune

SINGAPORE — The Soviet Union's intensified diplomatic campaign to increase its influence in the Asia-Pacific region has provoked wary responses from non-Communist countries in Southeast Asia and the Southwest Pacific.

Many officials in the region say the Kremlin's campaign has made little headway. The drive was underscored by a policy speech by the Soviet leader, Mikhail S. Gorbachev, in Vladivostok on July 28.

Mochtar Kusumaatmadja, the Indonesian foreign minister, gave the most positive assessment of Mr. Gorbachev's proposals for reducing tension and increasing cooperation among all countries in or around the Pacific basin.

In a recent interview, Mr. Mochtar said the Soviet leader's speech recognized the political diversity of the area, indicated "readiness to have peaceful coexistence in the real sense," and signaled "a change of direction" in Moscow's Asia-Pacific policy.

But, the Indonesian said, the non-Communist countries in the region would "rather go by actual facts and evidence; deeds rather than words."

Mr. Mochtar said there were "three tests by which to gauge the real intentions of Soviet policy in the area" — Moscow's preparedness to disengage from Afghanistan, Cambodia and along the Chinese-Soviet border.

Siddhi Savetsila, the Thai foreign minister, said in an interview with Asiaweek magazine that he was disappointed the Soviet Union appeared unwilling to use its influence to persuade its ally, Vietnam, to withdraw its forces from Cambodia.

Hanoi invaded Cambodia in December 1978 and overthrew the Beijing-backed Khmer Rouge regime. China now provides most of the military assistance to Cambodian guerrillas resisting the Vietnamese occupation.

Mr. Gorbachev's view that ending the conflict over Cambodia depended largely on restoring normal relations between Vietnam and China "overlooks the basic fact that Vietnamese troops are occupying Cambodia," Mr. Siddhi said.

Moscow, he said, could play a more constructive role by halting military aid to Vietnam and getting Hanoi to negotiate with resistance groups opposed to the Vietnamese presence in Cambodia.

Gaston J. Sigur Jr., U.S. assistant secretary of state for East Asian and Pacific affairs, said at a recent conference in Washington on Oceania that Soviet attempts to expand commercial and diplomatic contacts had not been well-received.

"The reception," he said, "has been largely skeptical, tentative, and quite limited in scope."

Several U.S. and other Western officials have expressed concern that Moscow could gain a strategic foothold in the South Pacific through its expanded military power there as well as its efforts over the past few years to negotiate fishing access, trade and diplomatic agreements.

But on a visit to Fiji last month, two officials from the Soviet Embassy in Canberra were quoted as saying that prospects for developing trade links between Fiji and the Soviet Union were limited.

The officials also were reported by Reuters to have said that talks on renewing a $1.5-million fishing agreement with Kiribati were not going well because Moscow was not prepared to pay what Kiribati wanted.

The agreement, signed last year, is the only arrangement that gives Soviet trawlers access to the tuna fishing grounds of a South Pacific island-state in exchange for license fees.

Kietro Abisinto, Papua New Guinea's ambassador to the United States, said at the Washington conference that Pacific island nations "do not feel we have much in common with the Soviets."

But one reason for Soviet interest in the South Pacific, he said, was past neglect by the United States.

Sinnathamby Rajaratnam, senior minister in the Singapore prime minister's office, said that a shortcoming of Mr. Gorbachev's policy was that it concentrated too much on regional security and not enough on promoting economic development.

Analysts note that Soviet trade and investment in the non-Communist countries of the Asia-Pacific region are only a fraction of the aid and investment built up with the area over the past 20 years by the United States, Japan and the European Community.

WORLD BRIEFS

Armenian Group Threatens France

BEIRUT (AFP) — The Secret Army for the Liberation of Armenia threatened Sunday to attack civil aircraft, shipping and trains bound for or departing from France unless the French authorities released three people jailed for terrorist offenses.

The threat was made in two statements telephoned to the office of a Western news agency here by a man identifying himself as a spokesman for the group, which wants Armenian independence from Turkey. He demanded the release of Varoujian Garabidjian, Georges Ibrahim Abdallah and Anis Naccache. Mr. Garabidjian is serving a life sentence for a 1983 bombing at Orly airport in which eight persons were killed. Mr. Abdallah faces trial for the murders of two diplomats in Paris in 1982, and Mr. Naccache is serving a life sentence for an attempt to kill Shahpur Bakhtiar, the former Iranian prime minister.

In Paris, police detained about a dozen Armenians and questioned them for several hours Sunday about the bomb attacks in Paris last month that left 10 dead and more than 160 injured. All of the Armenians, of French and Lebanese nationality, were released.

Report Tells of Israeli Atomic Arsenal

LONDON (UPI) — Israel has produced 100 to 200 nuclear weapons at a secret underground factory in the Negev during the past 20 years and now ranks as the world's sixth-largest nuclear power, the Sunday Times reported.

The newspaper said Israel had hidden the facility for producing nuclear warheads from spy satellites by burying it beneath a building beside the Dimona nuclear reactor deep in the Negev.

The report was based on testimony and photographs provided by a nuclear technician who had been laid off from the Dimona facility. There was no immediate comment from Israel. It has long been suspected that Israel possessed nuclear weapons, but Israel has refused comment on the matter.

Uganda Holds 5 for Stirring Dissent

KAMPALA, Uganda (Reuters) — The Ugandan authorities have arrested two government ministers, a former vice president and two other politicians on charges of attempting to foment instability, an official statement said Sunday.

The statement linked those arrested with rebel forces in northern Uganda, saying the detainees had tried to persuade soldiers at Naam-Okora barracks, 210 miles (340 kilometers) northeast of Kampala, to defect to the rebels.

The statement, read on Radio Uganda, said those arrested Friday were Energy Minister Andrew Kayiira, Environment Minister David Lwanga and Paulo Muwanga, who was vice president under Milton Obote, deposed as president in 1985.

Paulo Muwanga

Famine Deaths Reported in Sudan

KHARTOUM, Sudan (Reuters) — About 15 people are dying of hunger or diarrhea each week in one of the makeshift camps set up for displaced people in Juba, southern Sudan's largest town, relief organizations said over the weekend.

The Juba area was thought to be suffering from severe food shortages, caused by the conflict between government forces and rebels in southern Sudan, but Saturday's report was the first reaching Khartoum to speak of deaths related to hunger. It did not say how long they had been going on, nor whether more than one camp was affected.

Sudan's Relief and Rehabilitation Commissioner and the UN emergency operations in Sudan said 47,500 displaced people were in Juba. A food airlift to Juba was postponed last week after rebels of the Sudan People's Liberation Army threatened to shoot down the transport plane. Relief agencies estimate that two million people are in danger of starving in southern Sudan, largely because of the conflict.

CBS Anchorman Beaten in New York

NEW YORK (AP) — Dan Rather, the CBS Evening News anchorman, was recuperating Sunday after being chased, beaten and kicked on Park Avenue in Manhattan by two well-dressed men who repeatedly demanded "Kenneth, what is the frequency?" a CBS spokesman said.

During the attack Saturday night, Mr. Rather, 54, fled into a building where a doorman pulled the two attackers off him, a police spokesman said. Their motive was unclear.

Mr. Rather told police he had left a friend's home shortly after 10:30 P.M. and was walking along Park Avenue when a man approached and asked, "Kenneth, what is the frequency?" another police spokesman said. Mr. Rather said, "I don't know what you're talking about." The man then punched Mr. Rather, knocking him to the ground. Mr. Rather ran into a building, followed by the assailant and another man, who continued repeating the question, the spokesman said. In the lobby, Mr. Rather again was knocked down and kicked in the side before being rescued.

For the Record

A strike by nearly 20,000 Swedish workers disrupted health, transport and other vital services throughout the country, organizers said Sunday. Stockholm's subway came to a standstill during the weekend, the latest step in a campaign by unions representing public sector staff to press wage demands. *(Reuters)*

Rivers in Oklahoma and Illinois slowly receded Sunday from record flood crests after about 45,000 people were forced from their homes over the past week. Damage in Illinois was put at $34 million. Nine deaths were linked to flooding in the Middle West and Pennsylvania. *(AP)*

U.S. Seeks Hostage Talks, But Says It Won't Give In

By Bernard Gwertzman
New York Times Service

WASHINGTON — The Reagan administration says it is willing to have discussions with those holding the American hostages in Lebanon but that it will not yield to their demands.

The administration called on the captors Friday to come forward and open talks either directly or through intermediaries.

It said that despite appeals from the hostages that Washington negotiate for their release, the United States had been unable to establish any contact with the kidnappers.

Earlier Friday, Western news agencies in Beirut received a videotape in which two hostages appealed to the White House to work as hard for their freedom as for that of the journalist recently released by Moscow, Nicholas Daniloff. The hostages were Terry A. Anderson, correspondent for The Associated Press, and David P. Jacobsen, director of the American University Hospital in Beirut.

Their statements prompted an angry denial from President Ronald Reagan that there was any comparison between the Daniloff case and that of the Americans being held in Lebanon.

On his way to the presidential retreat in Maryland, Mr. Reagan stopped before boarding a helicopter to reply to a shouted question.

"There is no comparison between the two situations," he said, appearing angry. "In one, we were dealing with a government that had under its laws arrested one of our citizens — we think unjustly.

"There has never been a day that we have not been trying every channel to get our hostages back from Lebanon," Mr. Reagan added. In all, five Americans are being held in Lebanon, and another, William Buckley, is thought to have been killed.

"But they were not seized by a government," he said. "We don't know who is holding them. There's never been any contact between their kidnappers and us, other than an indirect statement that if we could persuade a third country to release some people who were tried and convicted of murder, that would be the way to get our people back.

"Well, there's no way that third country is going to do that," he said. He was referring to Kuwait, which is holding 17 persons convicted of murder in 1983 in bombing attacks on the United States and French embassies and Kuwaiti installations.

Mr. Reagan said he believed that Mr. Anderson and Mr. Jacobsen had made the tape "under the orders of their captors."

A State Department spokesman, Charles E. Redman, said, "We've always been willing to establish contact, either through direct talks with the kidnappers or their representatives, or through third parties."

"Although the kidnappers have demonstrated that they can communicate with news agencies by letter, telephone, and videotape, they've shown no inclination to talk directly to us," he said. "We have consistently stated that we are willing to talk about the safety and return of the Americans held hostage, and our door remains open for such talks."

Despite appeals by the hostages, the only demand known to have been made by the kidnappers is for Kuwait to release the 17 prisoners, at least two of whom are Lebanese believed to be relatives of those holding the Americans hostage.

Tories Gaining On Labor Party In Opinion Poll

Reuters

LONDON — The Labor Party is still Britain's most popular, but the ruling Conservative Party could catch up if it holds a successful party conference this week, according to a poll published Sunday.

The poll, in the newspaper The Observer, gave Labor 41 percent, the Conservatives 38 percent and the centrist alliance of the Liberal and Social Democratic parties got 20 percent.

It was one of one of the best ratings for Labor in five years, coming immediately after the party's annual conference last week. But the Conservatives improved sharply at the expense of the centrist parties.

The survey, by the Harris Research Center, said controversy over defense policies was increasing the popularity of the Conservatives, who intend to increase Britain's nuclear arsenal. The Labor conference voted to scrap nuclear weapons.

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Ajit Kumar/The Associated Press

Policemen turning back a Hindu procession in Delhi. The Hindus wanted to march along a route banned by police, who feared the Hindus might clash with nearby Moslem residents. Thirty-five persons in the procession and 45 policemen were reported to have been injured.

India Is Shaken by Security Failure

Vacuum of Leadership Beneath Gandhi Adds to Distress

By Richard M. Weintraub
Washington Post Service

NEW DELHI — One of Prime Minister Rajiv Gandhi's most frequently heard themes in recent weeks has been that his government has extremists on the run but that it is at just such times that they can be the most dangerous.

Mr. Gandhi's political rhetoric has been turned into chilling fact, shaking the confidence of this nation just as a new generation of young leaders is trying to make its mark.

The retired army chief of staff, General Arun S. Vaida, was assassinated Aug. 10 and gunmen narrowly missed in their attacks on the police chief of Punjab state and on the prime minister last week.

Sikh extremists have been implicated in the first and last incidents, and the gunman who attacked the prime minister and other officials also may be a Sikh, although no positive identification has been released.

The attacks, especially those of this past week, are notable for two things.

On the positive side, the people of this often volatile nation have reacted calmly, not allowing the killings or attempted assassinations to incite further the communal violence that has taken so many lives in the last few years.

On the negative side, however, is the realization that the country's newly developed prosperity and carefully nurtured belief in modern technology have not been able to buy protection for its top leaders, leaving them vulnerable to the assassin's bullet or bomb.

The corollary to that sobering realization is that there also are no clearly identifiable leaders to step in should a terrorist attack against the prime minister succeed.

"There are no national leaders around other than Rajiv and he is the beneficiary of the Gandhi name and the Nehru mantle," a political observer said after the attempt on Mr. Gandhi's life Thursday.

No one else has any national recognition, the observer said, and none of the would-be leaders has

NEWS ANALYSIS

shown the ability to put together the kind of coalition that would allow the breathing space to build a national following.

Men close to Mr. Gandhi, such as Arun Nehru, Arjun Singh and Arun Singh, have narrow political bases and many enemies within the Congress (I) Party. The finance minister, V.P. Singh, has the respect of the party's elite, but only limited support outside.

The standard-bearer for the party's old guard, Kamlapati Tripathi, 83, could frustrate or bolster the ambitions of others but do little more.

This leadership vacuum beneath Mr. Gandhi has made the enormity of the security failure around him that much more glaring.

Following the assassination of Prime Minister Indira Gandhi in 1984, millions of dollars have been spent recruiting, equipping and training a supposedly sophisticated security network to protect India's leadership.

Yet a gunman was allowed to go undetected for hours in a clump of bushes near where Mr. Gandhi was to pass.

The Delhi newspaper Hindustan Times argued Saturday that Indians, who had "undergone harassment and delay in the name of security" and who had "not begrudged the huge amounts of money being spent on raising new security forces," were entitled to ask questions. The paper said that "the state of shambles around the prime minister's security" was "absolutely shocking."

In the attack on the Punjab police chief, J.F. Ribeiro, seven men dressed in police uniforms were able to penetrate Friday into the center of a major police post and to escape after wounding Mr. Ribeiro and his wife.

Indians, who are quick to see a "foreign hand" in things that go wrong in the country, have not raised that argument in connection with the assassination attempts.

Karachi, the largest city in Pakistan, was rife with rumors Wednesday, the day before the attempt on Mr. Gandhi, that he had been an assassination target.

There is nothing to suggest anything other than an unusual coincidence of rumor and fact, but Pakistani intelligence experts, who at first brushed off the reports, now are scrambling to see where and how they started.

Indian officials are doing a different kind of scrambling, to see if they can patch together a security net that will display fewer holes than the one that has been in use until now.

Solidarity Leaders Cautioned

The Associated Press

WARSAW — The authorities have warned leaders of Solidarity that they risk being charged with violating the law if they continue operating under their new national council.

Lech Walesa, chairman of the banned union, and members of the seven-man council were summoned by provincial officials for questioning Saturday, but not all responded.

The official warnings were an attempt to maintain a lid on Solidarity, which has pledged to campaign openly for a restoration of free labor unions.

They came one day after the government's chief spokesman, Jerzy Urban, declared that the council, formed Tuesday, was illegal.

Jozef Pinior, a former underground leader from Wroclaw, said he had been told that he could be charged with illegal union activities under a section of the penal code that carries a maximum prison term of five years.

"I refused to answer any questions," Mr. Pinior said.

Mr. Walesa said he had been questioned for about 30 minutes by officials at the Gdansk provincial office about the council's objectives.

"They were worried by the fact that a new organization is being created," he said, "and that its aim would be taking over the government or something like that."

Mr. Walesa said he had told the officials that the aims of the council were to help the country overcome its economic and ecological difficulties and that it did not pose a threat to Communist rule.

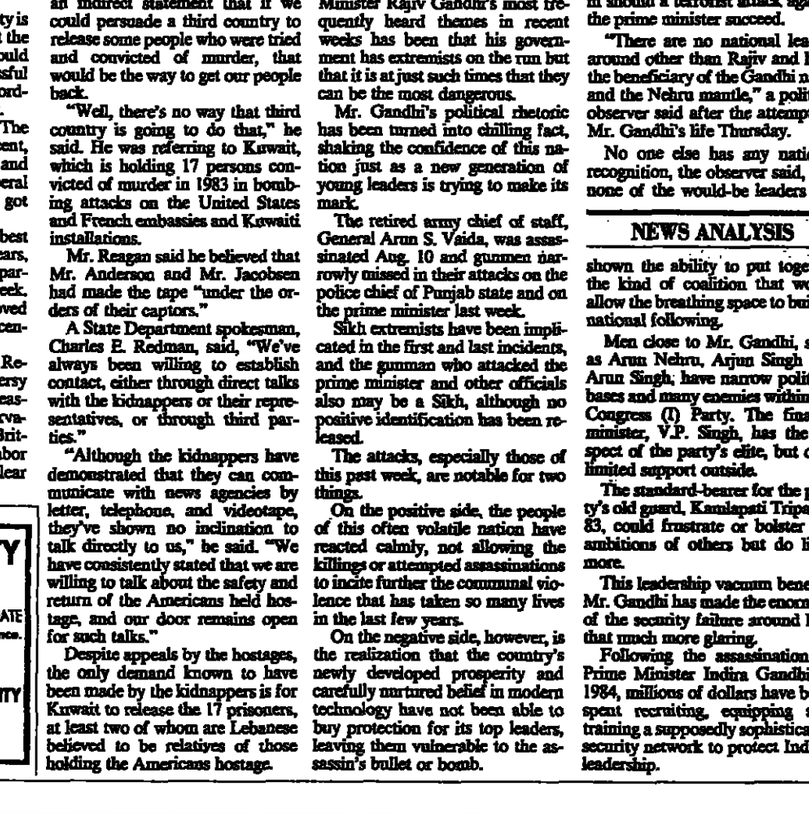
In addition to Mr. Pinior, the seven members of the council are Zbigniew Bujak, Janusz Palubicki, Wladyslaw Frasyniuk, Tadeusz Jedynak, Bogdan Borusewicz and Bogdan Lis.

Mr. Lis was unavailable for comment after his scheduled questioning, but the other five said they had refused either to accept the summonses or to report to officials.

■ 15 Protesters Seized

Fifteen young men were arrested at a Warsaw shopping center Friday as they were demonstrating for the right of Polish draftees to refuse military service on the ground of conscience, The New York Times reported.

They were from the Freedom and Peace Organization, an illegal group of pacifists and conscientious objectors. They displayed placards proclaiming that the right to decline service on the ground of conscience was a human right.



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Heavy Military Load Planned When Shuttle Flights Resume

By Philip M. Boffey
New York Times Service

WASHINGTON — NASA has announced a new flight schedule for the U.S. space shuttle fleet that includes a heavy schedule of military missions when the shuttle resumes flying in early 1988 but soon cuts back to the normal rate of military flights.

The schedule was made public Friday after months of deliberation and a detailed review by the White House following the Jan. 28 Challenger disaster.

It shows that the first shuttle flight will be Feb. 18, 1988, assuming that all goes well in redesigning the faulty rocket joints that caused the Challenger explosion.

There will be six flights during the shuttle's first year back in action.

The schedule will include a reduced proportion of commercial flights and a heavy percentage of flights for the National Aeronautics and Space Administration's own missions, primarily devoted to deploying the space station now under development, and to major scientific missions, NASA said.

However, NASA officials were unable to state whether scientific missions were increasing or decreasing under the new schedule.

The schedule issued Friday details the order of flights for the first three years and provides quarterly projections but no explicit flight dates for the next four years.

The space agency said that over the seven-year period about 41 percent of the shuttle's capacity would be used to fly Defense Department missions, an increase from about 33 percent before the Challenger disaster.

Dr. James C. Fletcher, administrator of the agency, said the Defense Department "will utilize considerable shuttle capability to reduce its critical payload backlog," resulting from the Challenger accident. This is because national security missions were given the highest priority in claiming space on the shuttles.

But in the last four of the seven years, Mr. Fletcher said, the Defense Department would require only about a third of the shuttle's capacity, the same as before the accident.

The largest percentage of shuttle flights, about 47 percent over seven years, will be devoted to NASA missions, with scientific missions accounting for about 29 percent, deployment of the space station 14 percent, and other space agency needs, such as data and relay satellites, 4 percent.

Only 12 percent of the flights will be devoted to commercial, foreign government and other U.S. government payloads, a drop from about one-third before the accident.

Only six flights are scheduled for the first year, leaving room for adjustments and delays while the space agency resumes full-scale operations.

But the flight schedule will accelerate to 11 flights in each of the succeeding two years, with only three shuttles in operation, and it is ultimately scheduled to reach 16 flights a year when a fourth orbiter joins the fleet to replace the Challenger.

In its busiest year before the accident, the agency launched nine shuttle flights.

Agency officials described the new flight schedule as "ambitious" but emphasized that they would not try to meet the flight schedule: at the expense of safety.

"There is absolutely no pressure" upon the agency to "increase the flight rate," Mr. Fletcher said.

The schedule calls for launching the Hubble Space Telescope in 1988 amid three planetary missions: the Ulysses flight to the Sun, the Galileo flight to Jupiter and the Mars Observer.

■ Shuttle Base Closed

The U.S. Air Force will suspend use of the space shuttle complex at Vandenberg Air Force Base in California until the 1990s, a move that will save the government about $60 million and result in the layoffs of about 1,000 workers almost immediately, the Los Angeles Times reported Saturday quoting the base commander.

Tests at the base, now postponed, were to have involved the shuttle Columbia.

Black Caucus Is Buoyed By Victory on Sanctions

By James R. Dickenson
Washington Post Service

WASHINGTON — The Reagan years have been a lean time for the Congressional Black Caucus, but Representative John Conyers Jr. of Michigan sounded a jubilant note Friday on behalf of his fellow caucus members.

They had won the battle over South Africa sanctions.

It was a sweet victory for a small group of House members who have felt themselves scorned by the administration, have been on the defensive in the budget-cutting age of Gramm-Rudman-Hollings and often have been ignored by their own party and colleagues.

"How 21 people out of 535 here on Capitol Hill turned the rest around," Mr. Conyers said, "should be a model of how we should work that we can apply to the rest of the struggle."

The sanctions, which passed Congress over President Ronald Reagan's veto last week, were uppermost in the minds of the 21 members of the Congressional Black Caucus at their 16th annual assembly last week.

"This convention," Mr. Conyers said, "is addressed to the problem of getting out from under racism, and the most recent answer was when the Senate voted to make the position of the Congressional Black Caucus the law of the land over the objections of the president and in conjunction with the wishes of the American people."

The Black Caucus members, all Democrats, played host in Washington to about 8,000 blacks from around the United States who came to listen and talk about jobs, education, drugs, the black family, health, black involvement in foreign policy and other topics. The four-day conference ended Saturday.

The caucus members were jubilant that the sweeping sanctions bill written by Representative Ronald V. Dellums of California, a member of the Black Caucus, and passed by the House in June, was the basis for the more moderate but still relatively stringent measure that finally passed the Senate. Mr. Dellums's bill would have required total U.S. disinvestment in South Africa.

"Dellums' accomplishment was spectacular," said Representative Mickey Leland of Texas, the caucus chairman. "It sustained the moral authority of the Congress."

But the group's members are more skeptical about the attitudes and direction of the leaders of the Democratic Party than they were a year ago, Mr. Leland said. They speculate that the Democratic Party's move to moderation and the political center could undermine its base of blacks, labor and liberals and might persuade the Reverend Jesse L. Jackson to run for president as an independent rather than as a Democrat in 1988.

John Conyers Jr.

"There could be an incredible turnout of blacks in 1988, more than ever before, because they know what's at stake in electing the next president," Mr. Leland said. "But the party leadership has moved to the right and has indicated that it wants a homogenous party and philosophy."

The Democratic national chairman, Paul G. Kirk Jr., "and others have assured Mr. Jackson that they want him in the party," Mr. Leland said. "But if he feels the party has shut him out he could run as an independent. If he does, the Democratic Party loses a valuable resource and any opportunity to win in 1988."

Representative Charles Hayes of Illinois agreed.

"There's too much saying 'Amen' to the Republicans, too much me-tooism in the party," he said. "I'm fearful that if the leadership of the Democratic Party doesn't stop assuming that its base can be taken for granted, people will move to independent status or just not register to vote and say, 'What's the use?' "

To Mr. Hayes and the rest of the Black Caucus, the leading priorities are jobs, education and the opportunity for blacks to "realize the American dream."

Buoyed by the success on South Africa, Mr. Leland said he sees the Black Caucus's clout enhanced in the future.

"We chair five major committees, two joint committees and 16 subcommittees," he said. "We're responsible for getting six and a half million people off the federal income tax rolls. I got a compromise that resulted in $600 million in aid to people starving in Africa."

AMERICAN TOPICS

Jim Garberich/The Associated Press

A GIFT OF FLIGHT — Bob Stiles thanks his son, Robert Stiles Jr., at the Hayward, California, airport, for helping to make his dream of flying a vintage biplane come true. Mr. Stiles, a World War II fighter pilot, is rapidly losing his eyesight to cancer.

Malpractice Insurance: More Data for Debate

Although the cost of medical malpractice insurance for hospitals and doctors is increasing rapidly, it still represents a relatively small part of their expenses, according to the General Accounting Office, the investigative agency for Congress.

The New York Times reports that the agency found malpractice insurance costs nearly doubled, to $4.7 billion from $2.5 billion, from 1983 to 1985. This exceeded the 8 percent increase in consumer prices and the 13 percent rise in medical costs for the same period.

The agency called the increases "rather shocking," but said malpractice insurance costs still accounted for only about 1 percent of the average expense of operating a hospital and 9 percent of the average doctor's expenses.

The Times said: "The report is apt to provide evidence to support each side in the debate over the problem" of rising malpractice insurance costs.

Short Takes

Travelers arriving at major U.S. airports on international flights will be able to use a credit card to pay customs duties as of Nov. 1. But only one credit card, a new one called Discover Card, can be used. Other credit card companies refused to forgo charging the government. Federal law prohibits customs duties going anywhere but the U.S. Treasury.

Video games, which took the United States by storm in 1982 when eight million machines were sold, and nosedived to below two million last year, are making a modest comeback, The New York Times reports. Sales of the machines are expected to hit two million this year. Manufacturers cite improved electronic memory, providing more levels of play, and a new audience that has come of age since the games first gained popularity.

The Saturday Review, which in the past four years has suspended publication twice and had three different owners, is for up sale again, the Los Angeles Times reports. The 62-year-old magazine, once chiefly literary and cultural, has been aiming at a younger audience recently with articles such as "The 52 Prettiest Faces in America" and the "Secret Lives and Death" of Marilyn Monroe.

Notes About People

President **Ronald Reagan**, in a recent speech in Detroit, cited the progress of women's rights. He said things had improved since the 1930s. "It's not like the days of Ginger Rogers," Mr. Reagan said. "Her male counterpart got the lion's share of the publicity, but Ginger Rogers did everything that Fred Astaire did and did it with high heels on and doing it backwards."

Lynda Johnson Robb, daughter of President Lyndon B. Johnson, said during a recent Democratic fund-raising dinner in Washington that every day she talks to a photograph of her father, who died in 1973. She said: "I tell him, 'Daddy, if you were running things today, things wouldn't be as bad as they are.' "

Mrs. Robb, wife of Charles S. Robb, the former governor of Virginia, said neither she nor her mother ever reads anything written about her father. "They simply aren't writing about the man we knew," she said.

Armand Hammer, 88, the industrialist, says he has been asked so often if he owns Church & Dwight Co., the manufacturers of Arm & Hammer baking soda, that he once offered to buy the firm "so I could say yes." Now he can. Mr. Hammer's company, Occidental Petroleum, has acquired a 5 percent interest in Church & Dwight and he will have a seat on the board.

Former New Yorkers List What They Miss

About 100 New Yorkers who have moved to Atlanta have organized a "New Yorkers Network" as an antidote to homesickness. One of the organizers, Floyd Brown, took an informal survey of what members missed most about New York.

The New York Times reports that they mentioned Italian food, restaurants that stay open past midnight, bagels, off-track betting, Central Park, crowded sidewalks and the city's combative, outspoken mayor, Edward I. Koch.

And what did they miss least? Muggers, crime, bad weather, potholes, noise and graffiti. "And Mayor Koch," Mr. Brown said. "He made both lists."

—ARTHUR HIGBEE

Disinformation Plan Damaged Credibility, White House Admits

By Lou Cannon
Washington Post Service

WASHINGTON — Disclosure of a secret plan to deceive Colonel Moammar Gadhafi into believing that the United States was about to attack him "hurt the hell out of us" by raising questions about the Reagan administration's credibility, according to a White House official.

The comments Friday by the official, who spoke on condition that he not be identified, reflected a widespread view in the administration that White House credibility in dealing with the news media has been severely damaged during a critical period preceding the superpower talks in Iceland.

But President Ronald Reagan, leaving for a weekend at Camp David, Maryland, insisted for the second consecutive day that the administration had been trying merely to deceive the Libyan leader, rather than to mislead the press into printing inaccurate reports.

"We are not telling lies or doing any of these disinformation things," Mr. Reagan said, responding to questions about a story that appeared Thursday in The Washington Post. The article said that the administration on Aug. 14 started a secret effort to deceive Colonel Gadhafi into believing he was about to be attacked a second time by U.S. bombers and perhaps removed in a coup.

Walking to his helicopter from the White House on Friday, Mr. Reagan, clearly angry, raised his arm and shouted, "No, no!" when he was asked if the United States had lied about Colonel Gadhafi.

Secretary of State George P. Shultz, in remarks to reporters Thursday evening, said: "I know of no decision to have people go out and tell lies to the media. I think, however, that if there are ways in which we can make Gadhafi nervous, why shouldn't we?"

The administration received some comfort Friday from the Senate Select Committee on Intelligence, which began a staff inquiry after The Post's report. Bernard F. McMahon, staff director of the Republican-controlled committee, told The Associated Press the staff had concluded that the administration had not deliberately attempted to plant false stories in the U.S. media.

The deception plan was outlined in a memo sent to Mr. Reagan by his national security adviser, John M. Poindexter, calling for "real and illusionary events — through a disinformation program — with the basic goal of making Gadhafi think that there is a high degree of internal opposition to him within Libya, that his key trusted aides are disloyal, that the U.S. is about to move against him militarily."

Beginning with an Aug. 25 story in The Wall Street Journal and continuing subsequently in other newspapers, including The Washington Post, much of the information generated by this campaign was reported as fact.

The White House source said that the Federal Bureau of Investigation was investigating in an attempt to determine the sources both of the original Journal story and of this week's account in The Post.

Mr. McMahon did not address the broader question of whether administration officials had encouraged the dissemination of an essentially inaccurate story. Instead, he commented on the specific point of whether the administration had undertaken a deliberate policy of deceiving the U.S. news media.

"Everyone's assuming Poindexter's memo was what was approved," Mr. McMahon said. "Was there a policy decision to draft and place deliberately false stories in the American press or through agents of influence, either by the CIA or outside the CIA in the National Security Council or the State Department? The answer to that is no. There was no decision made to undertake such an activity."

The White House official who was interviewed Friday said it was "possible" that some administration officials had gone beyond approved policy. Referring to those "we affectionately call 'spooks,' you're not sure exactly what they are doing," the official said.

"Spooks" is a term sometimes applied to Central Intelligence Agency operatives.

In a statement issued Friday in reference to the Aug. 25 report, the managing editor of the Wall Street Journal, Norman Pearlstine, said that "it now seems clear that some high administration officials misled us."

"We remain convinced, as reported in The Journal, that the U.S. government in late summer believed Libya had resumed its active support for terrorism and that the U.S. was considering a range of options aimed at deterring such Libyan actions," Mr. Pearlstine said. "We reported this based not on one source, but on information provided by a number of sources here and abroad."

Memo Urged Strategy to Force Coup

Washington Post Service

WASHINGTON — A State Department working paper used in August in drawing up the Reagan administration's plan of deception and disinformation against Colonel Moammar Gadhafi advocated a strategy that could lead to "a coup or assassination attempt" against the Libyan leader by his own military or other opponents.

The memo, circulated by the State Department on Aug. 6, stated, "The goal of our near-term strategy should be to continue Gadhafi's paranoia so that he remains preoccupied, off-balance."

The memo said the strategy should make Colonel Gadhafi believe "that the army and other elements in Libya are plotting against him — possibly with Soviet help. Believing that, he may increase the pressure on the army, which in turn may prompt a coup or assassination attempt."

The final directive approved by President Ronald Reagan did not mention assassination. It ordered covert, diplomatic and economic steps designed to deter Libyan-sponsored terrorism and bring about a change of leadership in Libya.

A 1981 executive order signed by Mr. Reagan directs that "no person employed by or acting on behalf of the United States government shall engage in, or conspire to engage in, assassination."

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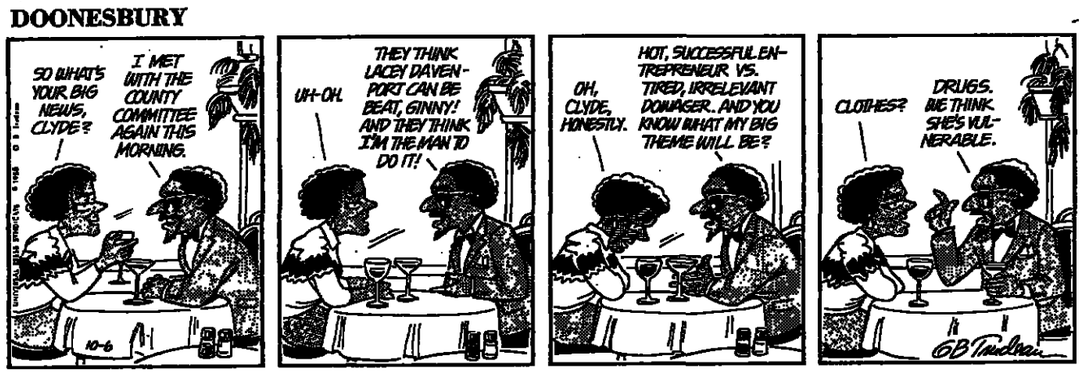

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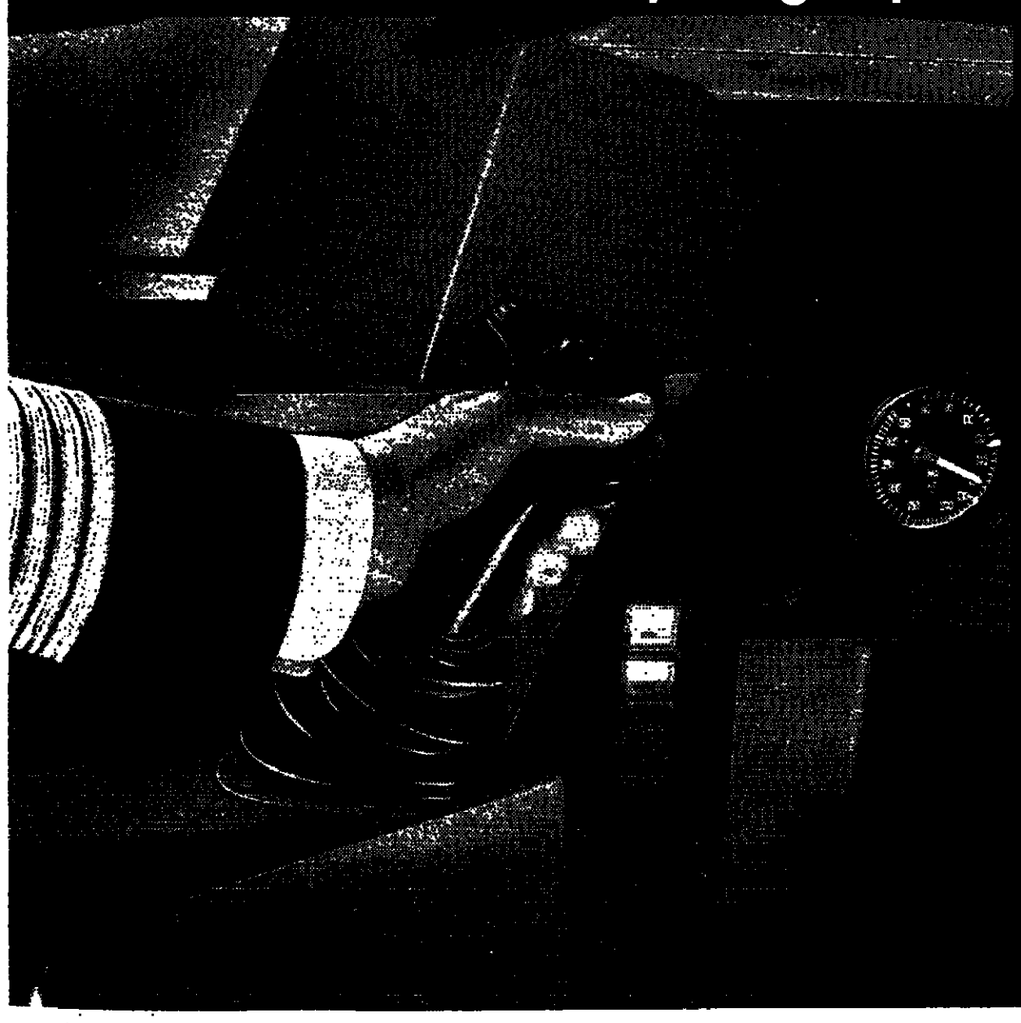

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Herald INTERNATIONAL Tribune
Published With The New York Times and The Washington Post

A Script for Reagan

No, says a presidential spokesman, Ronald Reagan will not have a news conference before he leaves to meet Mikhail Gorbachev in Reykjavik. It is a special shame, and not just because Mr. Reagan has averaged only seven a year. Rarely has the public so needed to hear from the president. Then what is the next best thing? A simulation. It is easy to imagine reassuring presidential answers to three urgent questions.

Q. Mr. President, you've left much confusion about your policy on lying to the public. Did your administration lie in order to promote news articles that would rattle Libya's Colonel Gadhafi?

A. *Well, it has never been our policy to mislead or lie to the media, ever. If a misguided official might have done so, I regret it and I want now to reaffirm our commitment to truth. We know how freely Communist countries sacrifice truth to expediency, and how important it is that a free government and a free press speak with a credible voice. There may have to be exceptions in war, but then you'd be on notice. Otherwise, truth is our best defense — and offense.*

Q. Sir, you took an unusually stubborn position on sanctions against South Africa, even after Congress passed them. Now both houses have overridden your veto. Will you carry out the law ungrudgingly?

A. *Well, I'm not happy about Congress taking over executive branch responsibility for foreign policy. But the law stands higher than any policy. I intend to honor my oath of office to execute the law faithfully.*

I hate apartheid every bit as much as the people who wrote the Comprehensive Anti-Apartheid Act. What we have differed about is which means are most effective. Now Congress demands regulations telling how to carry out sanctions, and Treasury and Commerce are already doing that. Congress says to stop South African Airways, and the Transportation Department will soon lay out the details. We'll do all that is required, with diligence and care.

But that's just a technical answer. It's also our duty to comply with the spirit of the law. That's why I've asked Secretary of State Shultz and Assistant Secretary Crocker, who've worked tirelessly for constructive progress, to refine our policy toward southern Africa and take maximum advantage of the new law. I don't intend to be grudging. I want what all decent people want: to end apartheid and promote a peaceful evolution.

Q. Mr. President, some of your supporters think that you made a bad deal for a Soviet spy and fear that you'll come back from Reykjavik empty-handed. Other people think you agreed to go because even a media event will help the Republicans keep control of the Senate next month. What do you hope for from this meeting?

A. *Well, it's way too early to second-guess a deal because so far there is no deal. What there is between Mr. Gorbachev and me is a desire to have the most productive summit possible. We both think this meeting can advance that goal. You know how I want the election to turn out. But my negotiations with the Soviet Union transcend the interest of any party or any one administration.*

Just think about the things that have now fallen into place. America has rebuilt its strength and its confidence. The Russians have a serious and ambitious new leader — ambitious mainly at home, I hope. These are trends to build on. I pray that I can.

Thank you, Mr. President.

— THE NEW YORK TIMES.

No to Disinformation

Almost all of government public information is an attempt not just to tell people objectively what is going on but also to make people believe one thing or another. This is an accepted form of government activity in the public arena — a way of bargaining, vying for advantage, putting a certain face on things, trying to work your will. Bluff, threat and "psychological war" are staples of both domestic politics and foreign policy. Journalists know it, expect it and deal with it every day by their attitude of skepticism and their techniques of inquiry and pursuit. They pride themselves on their ability to break through the government's masks and pretenses and to keep themselves from being used.

So what is different about the Reagan administration's effort, revealed in The Washington Post last week, to use the American press to destabilize Moammar Gadhafi? The word "disinformation" was used in a White House memo outlining the strategy. In some newspapers last August there appeared stories taking at face value official reports that opposition to Colonel Gadhafi was brewing and a second U.S. attack was in the works. Almost immediately, however, press skepticism was evident. The Post, for instance, noted that there was "some suggestion that the United States is trying to psych out the Libyan strongman by fomenting anxiety about what this country is planning." In any event, nothing much happened. Colonel Gadhafi remains in power, and the United States remains deeply frustrated by his regime.

Still, it is clear that the U.S. government crossed over a very sensitive line. It did not simply practice deception by, for instance, ordering fleet movements that it figured the press would find out about and report, thereby presumably panicking Colonel Gadhafi — this is the example of justifiable "psy-war" cited by Secretary of State George Shultz. The government actually conveyed to reporters things it knew to be false — that opposition to Colonel Gadhafi was stirring, that an American attack was on the way. This was "disinformation," and it deserves to be condemned. The government is not meant to be in the business of organized lying to the public.

— THE WASHINGTON POST.

Pinochet vs. Chileans

Augusto Pinochet responded to the failed attempt on his life last month with new spasms of official violence. Victims include human rights advocates, moderate opposition parties and the people of Santiago's slums. The United States, every significant party in Chile and even some of his fellow generals oppose General Pinochet's desire to stay in power for another decade. His response has been a war on his own people.

Soon after the assassination attempt, José Carrasco, an opposition editor, was abducted and brutally murdered. The police have jailed moderate opposition politicians and abducted and expelled priests who monitor the government for human rights abuses. These courageous dissenters at least understood the risks they took in challenging the dictator. More chilling is his apparent war, documented by The Wall Street Journal, against Chileans whose only offense is poverty. Campaigns of random terror and torture to intimidate restive slum dwellers are becoming routine.

In July, credible witnesses reported an attack in a poor Santiago neighborhood in which soldiers with blackened faces set two teen-agers afire. The Journal article tells of how Alfredo Diaz was burned with cigarettes and choked on his own hair by the regime's soldiers even though he disavows political activity. Another slum resident wears a hood to cover his torture scars.

By driving all moderate opposition underground, General Pinochet builds the ranks of extremists. These latest atrocities reinforce the already strong human rights case against Chile's pending applications for loans from international development banks. Chile's poor cannot be well served by supplying funds to a regime that is their principal tormentor. Washington should vote a resounding "no" on such loans.

— THE NEW YORK TIMES.

Bailing Out Mexico

Heave a sigh of relief that Mexico and its creditors have agreed on another big loan, but there is no end in sight for Mexico's troubles. It needs a further $12 billion to stay afloat, and the IMF and commercial banks have prudently set easier terms than before. But no one can be confident that Mexico's government is prepared, or strong enough, to revitalize its economy.

When Mexico suddenly ran out of cash four years ago — the first warning of the Third World debt crisis — the monetary fund and a global network of commercial banks came to the rescue with what they thought would be a one-time transfusion to underwrite necessary reforms. Their prescription included wage restraint, budget cuts, lower barriers to imports and foreign investment and a sweeping overhaul of inefficient public-sector industries. But Mexico's insufficient progress on those fronts left it ill prepared for the collapse in oil prices and a devastating earthquake.

A foreign debt of $80 billion in 1982 has become $100 billion and still grows. Interest costs $9 billion a year, while Mexican citizens send out $5 billion a year to escape conditions at home. The new loans barely cover these capital outflows. Real wages have declined and inflation approaches 100 percent this year. Interest rates keep rising and only deepen the recession.

Discontent has turned into disdain for President Miguel de la Madrid, in office until 1988. He will presumably be succeeded by a handpicked nominee of the Institutional Republican Party, which has firmly controlled the country for half a century. The world's bankers fear that they are throwing good money after bad. They also fear the consequences of writing off debts or plunging Mexico into political turmoil.

Without borrowing still more, it could not dream of financing recovery. Yet without firmer foreign insistence on reforms, it is unlikely to use the time and money now offered to great benefit. The Reagan administration seems undecided whether to demand painful belt-tightening or to settle for a superficial political stability. The bailers keep bailing but the boat keeps leaking.

— THE NEW YORK TIMES.

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OPINION

Summitry in Iceland: No Place for High Hopes . . .

By William Pfaff

PARIS — The meeting to take place in Reykjavik is a summit that we are not to call a summit, and from which we accordingly should not expect the results that we had been told would come from a summit.

The Iceland meeting next weekend is an innovation in political public relations that suits the domestic interests of both leaders at this time. Results are declared unnecessary, past commitments are deferred, past problems decently obscured. The Soviet-American unpleasantnesses of recent days can be forgotten amid the geysers and lava of Iceland.

It is a moment when both Ronald Reagan and Mikhail Gorbachev can use the favorable attention they will receive from the international press and television.

President Reagan is under unaccustomed domestic political attack because, for the first time in the history of U.S.-Soviet relations, and notwithstanding the diplomatic fiction in which it was veiled, he exchanged a Soviet spy for a deliberately taken American hostage.

He did so to defend the second summit meeting he wants to have with General Secretary Gorbachev. To hold a meeting in Iceland, without the obligation to produce summit results, can both distract from and seem to justify the Daniloff-Zakharov transaction. There also are congressional elections in November; a meeting with the Soviet leader is likely to help the administration.

Mr. Reagan can be counted on to enjoy himself in Reykjavik, exercising his charm, relaxed because nothing vital is expected from him. He will enjoy the pleasures of a summit without its responsibilities.

The Daniloff-Zakharov episode, together with the expulsion orders served by the United States on 25 Soviet diplomats at the United Nations, cannot have done Mr. Gorbachev any good with the KGB, which has become more than ever a crucial focus of power in Soviet government. His reform campaign meets continuing resistance and evasion.

The party's Central Committee has itself just denounced, in Pravda, "complications, contradictory argument, unevenness . . . various social-psychological and organizational obstacles . . . and opposition from selfish interests bent on retaining obsolete procedures and privileges" that hamper the reforms Mr. Gorbachev has called for.

He said earlier this year that any meeting with Mr. Reagan would be pointless unless it could ratify significant agreement on one or another of the major areas of East-West contention. So far as anyone in public knows, no such agreement is ready. If anything important is signed in Reykjavik, it is likely to be the communiqué. But because this summit is not a summit, Mr. Gorbachev will be able to go back to Moscow enhanced by his second encounter with the U.S. chief of state and the glorifying cameras of world television.

"Summit," as a term to describe a meeting of national leaders, comes from Winston Churchill's call in 1953 for a meeting of chiefs of state "at the summit." This meeting was to search for that "necessary reconciliation" (I quote historian John Lukacs) of Russia's security interests with those of the West which has eluded us to the present day.

The proposal was dismissed by the Eisenhower administration as "somewhat extreme." It was suggested in Washington that Sir Winston grew old, his powers diminished. Nonetheless, two years later, Dwight Eisenhower traveled to Geneva to meet Nikita Khrushchev, and summitry was launched.

It has not proved wholly a good thing. It has become an immense force for the personalization of foreign relations. It has reinforced the false and anachronistic confusion of the relations of states today with what they were in the age of dynastic rivalry.

Mr. Reagan and Mr. Gorbachev, on the summit stage, seem modern monarchs. They will appear in Iceland as King of the Democracies and Czar of Communism, putatively able to settle great affairs between them. The press will report their smiles, their seeming complicities — or perhaps a chill. They will each be followed by a regiment of clerks, counselors, bodyguards, valets. The risk will exist of fateful misunderstanding, a wrong word spoken, a challenge — a gauntlet thrown down (Khrushchev threw shoes). That adds to the interest of the occasion.

Neglected will be the fact that these two men are transient and expendable figures. The fundamental interests and conflicts of the two nations will not yield to them alone.

Summits have not, in fact, proved very serious occasions. Even then, as former Secretary of State Henry Kissinger has asked, why is a "summit" needed to prepare a summit? The answer is that this summit, which refuses its name, is being held in order to substitute for that other summit that has been promised but from which results cannot be assured.

It is the illusion of a summit, to take the place of a real one. It is a characteristic innovation by two men who have proved intuitive masters of the political image.

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. . . or a Fine Starting Point for a President in the Saddle?

By William H. Luers

NEW YORK — President Ronald Reagan's forthcoming meeting in Iceland with Mikhail Gorbachev, the Soviet leader, deserves full bipartisan support. No president since Dwight D. Eisenhower has possessed such credibility in dealing with the Soviet Union. Mr. Reagan could never be accused of being soft on any Communist. Whatever package he negotiates is therefore virtually assured of approval in Congress and in the nation at large.

The United States now has a rare opportunity, over the next year, to reach a series of agreements with the Soviet Union on a significant reduction of medium range missiles in Europe; a framework for a 30-percent reduction in warheads on strategic missiles; a definition of terms to preserve the Anti-Ballistic Missile treaty; a limitation on chemical weapons; and a schedule for phasing down nuclear testing.

The criticisms of the president's decision to meet with Mr. Gorbachev seem to flow from narrow political and tactical considerations. He is accused of exploiting the summit to influence November's congressional elections. But Mr. Reagan himself is not running and will not run for office again. In any case, the elections are likely to turn on local and domestic issues.

Others see the summit as part of a bad deal to free Nicholas Daniloff. True, the administration's macho rhetoric (and its obvious ignorance of similar past incidents) added confusion to this dismal affair. But the deal achieved the United States' major objectives, including the release of Yuri Orlov, a symbol of the human rights movement.

The president is also accused of "personalizing" summitry by suggesting that the differences between the two superpowers can be resolved by personal contact between two leaders. Nearly every president since Franklin D. Roosevelt has been subjected, not without validity, to the same criticism. Somehow I feel Mr. Reagan is the least vulnerable to the blandishments of the Kremlin.

Finally, the president is said to be inadequately prepared. It is true that his White House has been more effective at political theater than at intellectual leadership in foreign policy. Yet this summit and its successors should serve to focus both Soviet and U.S. attention on issues that have been under study for years.

Mr. Reagan's base is solid. There is no sense of desperation. He has two years to carry forward a program. He has finally begun to tone down his rhetoric, and he is dealing with a man in the Kremlin who may genuinely be prepared to deal on a few issues of great importance. The leadership cycles in both Washington and Moscow appear propitious.

As a career diplomat who has been directly or indirectly involved in nearly every superpower summit since 1959, I believe that meetings between the Soviet Union and the United States should occur often. The leaders on both sides need to know one another and understand one another's environments, thereby reducing the dangers of accidental war while moving the broader agenda of arms control forward.

President Reagan risks nothing by meeting with General Secretary Gorbachev. Such meetings should be routine, not awesome and spectacular.

The writer, U.S. ambassador to Czechoslovakia from 1983 to 1986, is now president of the Metropolitan Museum of Art in New York. He contributed this comment to The New York Times.

Some Americans Agree With Nakasone

By Hobart Rowen

WASHINGTON — A column of mine *(IHT, Sept. 27)* expressing dismay at Yasuhiro Nakasone's statement that America's achievement is held back by the large numbers of nonwhites in its population has brought a wide range of reaction.

Although I knew that his offensive remarks would be echoed by some Americans, I was not prepared for the extent of that sentiment, expressed in person and in letters. A publisher in Virginia dropped me a one-sentence letter: "Re the Japanese prime minister's remark: He might have been right." I have received similar reactions from many others.

An uglier comment from a Washington reader said, "Black Americans are a global disgrace."

Mr. Nakasone delayed an apology five days, until Ambassador Nobuo Matsunaga told him he had touched off a firestorm that might result in a congressional resolution proposing a boycott of Japanese products. Significantly, someone decided that Mr. Nakasone did not have to apologize for his cutting remarks about women, presumably because women do not have as much clout in Congress as does the Black Caucus.

It is clear that most Japanese who think Mr. Nakasone did something stupid mean only his going public with his views. The Washington Post's Tokyo correspondent, John Burgess, reported that opinion there is that Mr. Nakasone "was simply talking common sense, saying that ethnic diversity creates confusion and discord, and that societies function best when people look, think and act alike, as they do in Japan."

They believe in maintaining an insularity: Too much contact with the outside world is contaminating. Japanese officials who spend too much time abroad sometimes find it tough to resume their careers. Finance Minister Kiichi Miyazawa told me last week he doubted that any "qualified" Japanese expert would want the top job at the International Monetary Fund, which soon becomes vacant.

Uniform racial composition has clearly worked well for Japan. The Japanese are a highly skilled, talented and successful race and nation, one that has recovered from a devastating wartime defeat, including nuclear bombing, to be the second-largest economy in the free world.

Maybe Americans owe him a vote of thanks.

But racial diversity has been the source of American strength, as Americans recently recalled during the Statue of Liberty celebration. The waves of immigration in the 19th and early 20th centuries of British, French, Germans, Irish, Italians, Poles, Scandinavians and countless others made the United States great. Imagine America without Albert Einstein, Jacob Riis, Felix Frankfurter, Enrico Fermi, Kenneth Clark, Irving Berlin and I.M. Pei.

Foreigners did not find acceptance automatic. As is the case with blacks and Hispanics, many are still discriminated against. The melting pot process is still far from complete, as evidenced by some of the disturbing reaction to Mr. Nakasone's blunder.

His mistake is to believe that it is Japanese homogeneity compared to American diversity that has accelerated his country's rise to power in the last few years. It is not because blacks and Hispanics are on the production lines in Detroit that those lines are less efficient than the ones in Toyota City. It is because black and white, Jew and Gentile, men and women of all shades have become fat and lazy, sure that the best the Japanese could do was copy American machinery and designs. The majority of Americans opted for 35-hour work weeks, a house in the suburbs and lots of leisure; Japanese opted to work harder and live in crowded quarters.

The difference in national achievement also results from management's insistence on making a quick buck, and from labor's successful demand for wage gains that exceeded productivity. Together, management and labor have taken the short-term rather than the long-term view. Americans have not taken chances; the Japanese have been ingenious.

For a while, America was so far ahead of everybody that it could waste time and resources. Now not only have the Japanese caught up with most American production patterns and exceeded quite a few, but other formerly backward societies are advancing on Japan and the United States. The Koreans are looking over Japanese shoulders. And down the road some years there is China.

It is time for Americans to wake up. Maybe we owe Mr. Nakasone a vote of thanks, if he stirs some self-examination. Americans do not need, do not want and cannot have a racially pure society. Nor do they have to abandon all the rewards of a rich economy and live in austere conditions. But all — white, black, Hispanic, whatever — need to raise work standards to match the discipline and dedication of others.

The Washington Post.

Blacks Might Do Well to Talk In America's Common Idiom

By William Raspberry

WASHINGTON — It is easy to oversimplify these things, but I have an idea that the best thing teachers could do for black students is to teach them, starting as early as possible, to speak English well.

Yes, standard English. The sort of English, written and spoken, that Americans automatically associate with intelligence. The counter-arguments, easy enough to anticipate, are mostly wrong. It is true that standard English is just another dialect in a country full of them, no more consistent or inherently correct than any other dialect. No matter. Standard English, not Cajun or hillbilly or West Indian patois or Black English, is the language that marks an American man or woman as educated.

It is true, too, that inner-city black children are not the only ones who have difficulty with the standard dialect. So do Hispanics, Asians, Europeans and others whose home language is not English.

Children of the black slums, and not only the slums, resist "earwhitenment" by standard English, fearing to cut themselves off from their roots while not being accepted in the world where standard English is the norm. A black youngster who speaks "proper" English may find himself in endless playground squabbles, ridiculed and even physically assaulted, for acting "white." Ghettoese becomes the language of machismo.

I know boys from homes where standard English is routinely spoken who work at learning Ghettoese to win acceptance by their black peers. (Girls somehow manage to escape the problem, perhaps one reason why, around age 14 or 15, they start being more careful with their speech.)

Teachers could be of enormous help. A sympathetic but tough teacher might tell her young charges that it is of no concern to her what language they use on the playground. But in her classroom, the only acceptable dialect is standard English.

She might explain that different circumstances dictate different usages: Black English on the playgrounds, archaic "thees" and "thous" in church, and standard English in the personnel office, on the job and in the classroom. If everybody had to speak the standard in the classroom, the stigma would disappear.

Youngsters thus would accomplish what educated black men routinely accomplish: a sort of bilingualism that renders them equally at home at work and play. Not only would they find themselves more employable on leaving school, but they might also find their schoolwork easier.

And how could teachers help them acquire standard English without eroding their innate pride in black culture? One retired teacher used to do it by explaining that so-called Black English is nothing more than the language slaves learned from their ignorant white overseers.

There are no doubt other ways of accomplishing the same end. However it is done, I see nothing but good coming from helping young people — black youngsters in particular — acquire facility with the only language that confers instant respect.

Washington Post Writers Group.

Demirel and the Road Back to Power

By Mustafa R. Gursel

ISTANBUL — When a journalist asked Suleyman Demirel, the former Turkish prime minister, the secret of his amazing comeback in the by-elections of Sept. 28, he answered, "Politicians never fade away. They die in the evening, but are resurrected in the morning."

Mr. Demirel seems to have turned resurrection into an art. Thrown out of office by the military twice in the last 15 years and written out of the picture by local pundits several times, he has once again emerged as a political force.

The election results indicate that, despite a ban on his political activities extending into 1992, he is now poised to make his final assault to regain the seat he lost six years ago and which is now occupied by Prime Minister Turgut Ozal.

In terms of election arithmetic, this is how the situation looks. The True Path Party, for which Mr. Demirel conducted an all-out campaign, received 23.6 percent of the vote, becoming the main opposition party, while Mr. Ozal's ruling Motherland Party suffered heavy losses, capturing only 32.2 percent of the vote, as compared with the 45 percent it had received in 1983.

Should this trend continue, and Mr. Demirel is certain to do his utmost to see that it does, the True Path Party will have a good chance to overtake the Motherland Party and become the largest party in the parliament in the next general elections, scheduled for 1988.

The by-election results have made it clear that the left, divided by a fratricidal feud, poses no serious threat to Mr. Demirel's ambitions for a comeback.

But the road to power is fraught with obstacles. The first is the political ban that disqualifies Mr. Demirel from officially undertaking political activity until 1992. However, both Mr. Demirel and Bulent Ecevit, another former prime minister, defied this ban openly.

The lifting of the ban would require a constitutional amendment, and President Kenan Evren, as the leader of the coup that wrested power from Mr. Demirel in 1980, is almost certain to oppose such a move. He has indicated that he would take such a proposal to the people in a referendum, and furthermore that he would "pack up and leave" if he were defeated.

The arithmetic becomes muddled at this point. Mr. Demirel's popularity does not mean that Mr. Evren is unpopular, and there is no way of knowing who would come out on top should such a confrontation take place. The 1982 constitution, which included Mr. Evren's election to the presidency, was adopted with a 92-percent "yes" vote in a plebiscite. But the parties opposing that constitution won over 70 percent of the votes on Sept. 28.

Bearing in mind that campaigning against the constitution in the plebiscite of 1982 was not allowed, it is safe to predict that a confrontation would be very close.

Mr. Demirel, buoyed by his popularity, is already talking of early general elections, but he is well aware that this is not possible. It requires the approval of parliament, where the ruling party, determined to finish its five-year term in office, enjoys a comfortable majority. Furthermore, the splintered social democratic opposition parties are not likely to go along with Mr. Demirel on this issue, since they themselves have a lot of housemending to do before they can face the electorate again.

Mr. Ozal is certain to use the two years between now and the general election to make certain amendments in his International Monetary Fund-prescribed economic policies to woo the alienated segments of the electorate back to his ranks. The Motherland Party has proved to be especially weak in the countryside. High inflation and unemployment continue to erode its base in the cities.

Mr. Ozal will need all the support he can get from his friends in international financial circles.

Mr. Ozal's recovery through the IMF's austerity program has become an example to other debt-ridden developing nations. Now there is a political bill to pay. The question is whether his friends will help pick up the tab.

From the Western viewpoint, a heartening aspect of the election lies in the crushing defeats of the small Islamic and ultra-nationalist parties. Those seeking a candidate for the Khomeini-inspired fundamentalist revolutions in the Middle East had better look elsewhere.

The by-elections also demonstrated once again that Turkish voters are basically a conservative and pragmatic lot. They are obviously not in the mood for adventure. Yet the cast of characters and the scenarios at hand in Turkish political life indicate that the future is likely to be anything but dull.

International Herald Tribune.

IN OUR PAGES, 75 AND 50 YEARS AGO

1911: Children Sold

PARIS — A curious case, in which a mother is said to have sold her children to a wandering band, comes from Rheims. M. Kneippert returned home on Wednesday [Oct. 4] to find his two nephews, Henri, aged 13, and André, aged six, who had come from Ay. Henri told him that about 15 days before their mother had sold them and their sister Marcelle, aged 11, to a band of nomads for three two-franc pieces. The bargain was concluded in a café. "The nomads," said Henri, "wished to buy also sister Germaine, aged nine, but mamma would not sell her. We were taken away and they made us sell laces, wire and needles and they made me walk on stilts and dance in the street. The day before yesterday the villains could not feed us any longer, and they took us back to Ay. But they kept Marcelle." The mother is being sought for to make explanations.

1936: Gold Embargo

MADRID — The Spanish government today [Oct. 5] placed an embargo on the export of gold and silver, extending this to copper concentrates containing these metals. People are being urged to bring to banks precious metals of all sorts. Persons leaving the country cannot take with them more than four pesetas in silver coinage. This action is taken to conserve the resources of the nation, according to the preamble of the government's proclamation, "with a view to better financing of the war now, and of national reconstruction in the future." While the financial resources of the republic are thus being marshalled, its food supplies are being brought under similar regimentation. A national provisioning commission has been created to organize the food resources of loyal provinces. Rations for forces fighting on the fronts are to be given first consideration.

OPINION

Watch Out for a Lot More Of This Mangled Language

By George F. Will

WASHINGTON — President Reagan says he should not have said the Soviets "blinked." But they probably did — in elated disbelief.

The Reagan administration, having linked cases that it said would not be linked, accepted an equation it termed unacceptable (of a spy and a journalist) and eviscerated a principle (no trading of innocent hostages for spies) in a swap it says is not a swap, is reeling toward a summit it says is no summit. Embarrassment produces insincerity, from which flows mangled language.

The theory plays to two American weaknesses, parochialism and vanity.

Summit agreements are guaranteed. Having paid ransom to the hostage-taker, the administration is traveling to Iceland as a payment to get Mikhail Gorbachev to do what he said at the Geneva summit he would do. There he agreed to come to a summit in the United States. Now he is attaching a condition: He must be guaranteed a pre-engineered summit that will yield arms control agreements he can be comfortable with.

At Geneva he also agreed to the principle of 50 percent reductions of force levels. The United States has acquiesced in a Soviet retreat toward 30 percent. The administration says that 30 percent is an interim step. Administration acquiescence is another attempt to purchase partial Soviet compliance with agreements so that other soon-to-be-shredded agreements can be produced.

The administration, expert at producing deficits, is running a humdinger with the Soviet Union. Outlays far exceed receipts in transactions with Moscow. In the Daniloff debacle, the administration made concessions regarding Soviet spies on the United Nations payroll, one-fourth of which payroll comes from U.S. taxpayers. The administration should at least have made the Soviets release as many dissidents as there are spies allowed to remain at the United Nations. It should have secured the release of the man, now dying in a Moscow hospital, who two years ago refused to help set up an arrest of Nicholas Daniloff.

Senior administration officials say, solemnly, that a rogue KGB may have arrested Mr. Daniloff to embarrass Mr. Gorbachev. Let's see: Mr. Gorbachev, who was a protégé of Yuri Andropov, head of the KGB, has increased the KGB coloration of the Politburo.

The absence of intellectual ballast in the administration is also apparent when Donald Regan says that in the Daniloff case the Soviet Union lost "the public relations battle" because "now everyone knows what they are." Let's see: After 69 years and scores of millions of corpses, the Soviet regime has suffered a significant "public relations" setback. Mr. Regan, a man from Wall Street, thinks the struggle of the 20th century is a matter for Madison Avenue.

Administration spokesmen celebrate the Iceland summit-that-is-not-a-summit because the president is a "great communicator" who can convince Mr. Gorbachev that America is sincere about arms reductions. The logic of that line is that the arms race is the result of a misunderstanding, a failure to communicate. Hitherto, less communicative presidents have failed to assuage Soviet anxieties about American intentions.

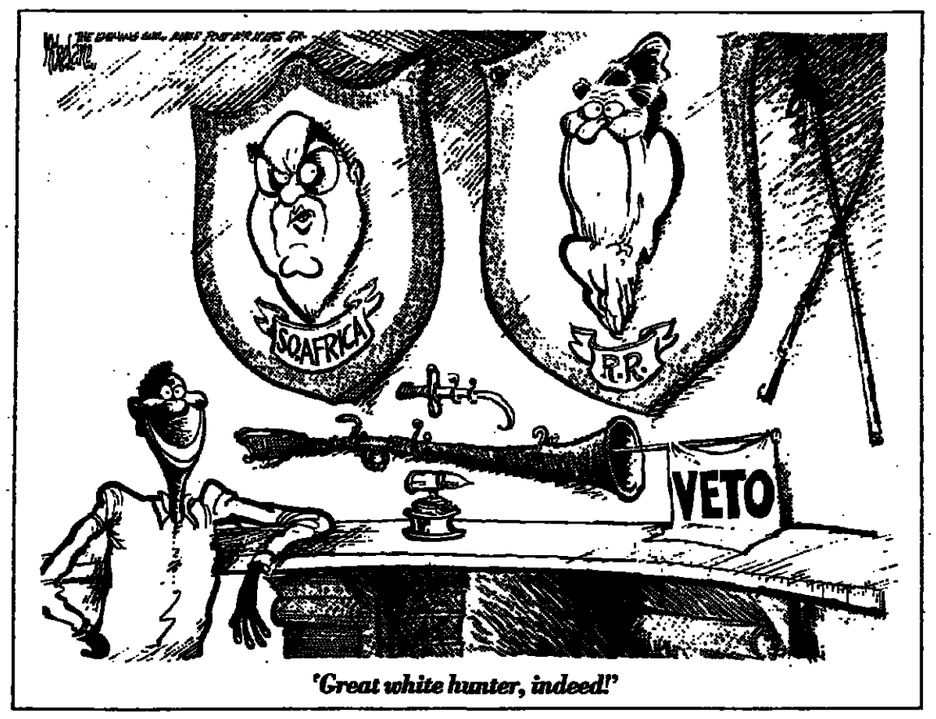
Mr. Reagan has been sold a soothing theory that explains the dynamic of the Soviet state in terms of anxieties and paranoias rather than an ideologically driven pursuit of power. The theory is that the Soviet Union is what it is (armed to the teeth, waging war on its population and aggressive at every turn) because it has had a hard history and has not had democracy to teach it civility. This interpretation of the central drama of the century — the struggle between democracy and totalitarianism — is of almost antic superficiality, but it plays to two perennial American weaknesses, parochialism and vanity.

Intellectual parochialism causes Americans to believe that everyone is like them, or can be made to be like them, by them. Americans do not take ideology seriously, so neither do Soviet leaders, "really." The administration believes that Mr. Gorbachev wants to end the arms race so he can raise his people's standard of living. It believes this for no better reason than that American politicians are primarily concerned with living standards. It partakes of the national vanity of believing that if Soviet leaders just see American supermarkets and swimming pools, they will see the folly of trying to win an arms race with a nation this rich. (Never mind that they know that the crucial and less impressive variable is the willingness of Congress to compete with Soviet military spending.)

The administration believes that the impediment to Soviet reasonableness is Soviet neurosis. A therapeutic U.S. policy can dispel that, especially a policy advocated by a great communicator, especially one who knows Communists from the experience of labor union strife in Hollywood 40 years ago.

The attitude ascribed to the administration in the five paragraphs immediately above may seem like caricatures of American innocence. However, the administration proclaims them and they explain recent events. Ronald Reagan wants a summit in order to practice therapeutic policy. Mikhail Gorbachev wants a summit because he dines on people who think like that.

Washington Post Writers Group.



'Great white hunter, indeed!'

LETTERS TO THE EDITOR

Living With Differences: A Black American Responds

In response to the report "Nakasone's Gaffe: A Japanese View" (Sept. 29):

As a black American, it is not often that I find myself in the position of defending the United States, particularly regarding the subject of racism.

Yes, Mr. Nakasone, if America had no blacks or Hispanics its statistical literacy rate would probably be higher. It would be more homogeneous, a more "highly intelligent and highly educated society" — more, perhaps, like Japan.

But then its present history, marred as it is by racial and economic injustices, would not contain major black and Hispanic contributions in literature, science and the arts. The United States would certainly be less colorful and probably less interesting. Even more important, it would lack that great human experience that perhaps the Japanese have been denied — learning to live with differences. On balance, I think I prefer the American experience.

CHARLES STEWART.
Paris.

In response to the opinion column "Nakasone's Blunder, in Context" (Sept. 27) by Hobart Rowen:

May I advise columnist Rowen to turn to Page 3 of your Sept. 27 editions, where he will find a report entitled "Literacy in U.S. — Wide but Shallow."

R. PUTTEMANS.
Luxembourg.

In response to the report "Blacks, Women and Families: A New U.S. Military" (Aug. 26) by Richard Halloran:

In 1942, President Roosevelt canceled the U.S. Navy's "stewards only" policy. As a result, nearly all fields were opened to blacks except flight training. That was finally opened after World War II, during President Truman's administration.

After enlisting in the fall of 1944, I attended both a segregated recruit training center and a Class "A" school in Memphis, Tennessee. Even then in recruit camp, hints were dropped as to how well off we would be as stewards.

From 1945 until my transfer to the United States in mid-1947, my first two squadrons were integrated except for the barracks. My first such barracks was in Memphis, where I attended a now-integrated Class "B" school. From then on until my retirement in 1976 as an E-8 (senior aviation chief machinist), all facilities have been fully integrated.

Interestingly enough, navy segregation only appeared after World War I, something to do with the majority of officers being Southern. During the Civil and the Spanish-American wars, black and white sailors fought side by side.

Two events I shall always recall:

● Early in 1944 a navy recruiter came to our high school to administer exams to locate prospective flight training cadets. His orders, and he told me so, were to screen out all blacks. Nevertheless, we were allowed to take them and were gratified to be told we would have been accepted on the basis of the test results.

● Some 20 years later I appeared before a squadron warrant officer selection screening board. After the session, to my surprise, an officer asked me how, as an officer, I would treat blacks who had broken navy regulations. My answer was, the same as any other sailor.

My father once told me, "If you like what you are doing, stick with it." I did, and I feel that my navy career has made a better person of me.

CLYDE ALLEN.
New York.

How to Spring Russians

The case of Nicholas Daniloff, Gennadi Zakharov and Yuri Orlov has at last demonstrated a means to remove from the Soviet Union all those who wish to go. The United States must simply arrest Russians within its borders, then negotiate a trade. Russians have always been good at chess.

KJIRSTIN YOUNGBERG.
Uithoorn, Netherlands.

A Refuge of the Oppressed

Scott Charles' letter *(Sept. 27)* criticizing French visa policy seems to miss the point, which is how to discourage terrorists. France, traditional refuge of the oppressed, needs the support of her friends in fighting terrorism.

MARSHALL MAY.
Vaison-la-Romaine, France.

The Lower East Side Learns How to See In the New Year

By William Geist

NEW YORK — Strange sounds — something on the order of a first group trumpet lesson — wafted out of the small shop onto Essex Street. Some of the passers-by gave smiles of recognition, while others stopped to find out what all the racket was.

Two teen-age boys, one Chinese and one Puerto Rican, reflecting today's population of the once predominantly Jewish Lower East Side, stopped in the doorway of the A&Y Sofrei Stam religious articles store and watched a duet:

MEANWHILE

Rabbi Aaron Lichter, in black Hasidic garb, blowing on a ram's horn, accompanied by Rabbi Yitzhok Reisman, on the long twisting horn of the ibex.

The two rabbis own the shop and were demonstrating for customers the horns known as shofars, which they were purchasing to blow at Rosh ha-Shanah, the Jewish New Year, which began Friday night, and Yom Kippur.

Mr. Reisman said he was accustomed to explaining to people like these boys about shofar, tefillin, mezuzas and such, now that most of the Jewish population of the neighborhood has moved away.

"Besides," added Mr. Birnbaum, "a lot of the Jews who come around these days don't know much about their religion anymore either." All that some of them know about the High Holy Days, he said, is that alternate side of the street parking is suspended.

A half century ago, the Lower East side teemed with Jewish immigrants, and the neighborhood remains the prime Jewish marketplace in New York. Mr. Reisman fills orders from around the United States for torahs and tefillin, the little black-leather cubes containing Scriptures worn by Jews on foreheads and arms during worship services.

The neighborhood still draws thousands back for pre-holiday shopping pilgrimages. They come for religious articles, yes, but also rugelach and round challas from Gertel's Bakery, free-chicken-soup-with-purchase-of-chicken from Muscovic G&M Kosher Caterers, and half-sour pickled tomatoes from Guss Pickles, one of New York's last remaining sidewalk pickle establishments, where there were lines all week.

"I joined this religion for the food," said Abe Klein, who had to repeat what he was saying because his mouth was full of Taiglach at Gertel's.

"My grandparents came to this store," said Mr. Klein, who has moved to suburban Long Island. "My children heard about the Jewish tradition of the neighborhood and asked if we could come and see it."

"The third generation is returning to religion," said Mr. Reisman. "We have seen a tremendous revival of Orthodox Judaism, just as there has been an upsurge in Christian fundamentalists."

Customers come to the store in this pre-holiday period to buy ethrog boxes, tefillin covers and 100-percent olive oil to burn in their menorahs, and dozens of other items. When there were no customers, Mr. Reisman and Mr. Lichter busied themselves at a table by the window, unstitching tefillin, checking the Scriptures for legibility, replacing them if need be and stitching them up again.

"A sign of the times," he said, pointing to the sign out front that read: "Tefillin Checked While-U-Wait." "People are in a hurry." The rabbis have also been restoring torahs for the holidays.

Roberta Berg came in to buy a shofar for her son. "I was really surprised he asked for one," said Mrs. Berg, who lives in Westchester.

Mr. Reichman demonstrates techniques of blowing the shofar, as well as the religious significance of the "one long, three shorts and nine shorter stills," as he describes the sounds. The long note is a call to repentance and the shorter ones represent sobbing.

He told her to sound the shofar on Sunday morning. "Don't blow it too early in the morning," he cautioned. "One time in Greece, I believe it was, the Jews began blowing the shofars and the gentiles thought it was some sort of call to insurrection and riots ensued." Mrs. Berg said she didn't think that would be a problem in Scarsdale.

Some customers — "more or less fallen-away Jews," as one of them described himself — said they were embarrassed "to ask stupid questions" — like going to the hardware store and having to ask for a doohickey. Mr. Reisman and Mr. Lichter said they were not disdainful of these people. "The only problems are when they complain about things like their tefillin not matching," Mr. Lichter said. They aren't supposed to match.

Mr. Reisman pointed out the increasingly popular Passover platters with the directions for the Passover seder written on them, and the four questions that the youngest boy in the family is to ask.

Another shopper on the block said she had recently become interested in returning to the Jewish traditions that her grandparents practiced. She wasn't sure why, but guessed that it had something to do with looking for something "to cling to, to believe in" at a time when "everything seems so adrift."

When the elderly Mr. Birnbaum heard about what she had to say, he said that was cause for a blast on the shofar. He walked into the next shop, picked one up and gave it a blast.

"*Shanah Tovah!*" he said to a group of teen-age Chinese boys on their way to play football in the playground across the street. Receiving blank stares, he said "Happy New Year" to them. They looked at him as if it were October.

The New York Times.

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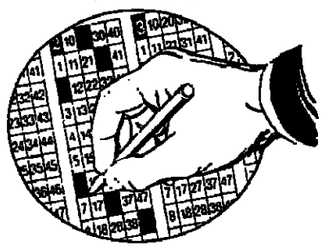

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2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42
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7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47
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Pope, Visiting Lyon, Proposes A One-Day Worldwide Truce

By Michael Dobbs
Washington Post Service

LYON — Pope John Paul II has called on warring parties and terrorist groups throughout the world to observe a one-day truce later this month to coincide with an ecumenical peace conference organized by the Roman Catholic Church.

The pope's appeal came Saturday at the start of a four-day visit to eastern France.

About 10,000 policemen were mobilized to protect John Paul in one of the largest security operations ever mounted in France.

Addressing a prayer service in a Roman amphitheater where Gallic Christians were martyred in A.D. 177, the pope called for a "universal cease-fire" Oct. 27.

He said the truce would provide an opportunity for military and political leaders to demonstrate that "violence does not have the final word in relations between men and between nations."

Oct. 27 has already been designated by the Vatican as an ecumenical "day of prayer for peace." The pope has invited representatives of the world's Christian communities and major religions to the Italian monastery town of Assisi to join in the day of prayer.

Vatican officials said that papal nuncios and other church representatives would try to contact governments and guerrilla groups throughout the world to urge them to participate in the truce.

Upon his arrival at the Lyon airport, the pope expressed horror at the series of bomb attacks in Paris last month that killed 10 persons and injured more than 160.

To strengthen security for the pope's visit and for the Jewish new year celebrations and the World Energy Conference in Cannes, the government canceled all police leaves for the first time since student upheavals in 1968.

■ Pontiff's Day in Burgundy

The pope visited an ecumenical Christian monastery and celebrated Sunday Mass in the Burgundy town of Paray-le-Monial, then returned to Lyon to preside over a colorful meeting with French youth in a soccer stadium, The Associated Press reported from Lyon.

In Paray-le-Monial, John Paul returned to his offensive against abortion and divorce, saying that there were signs that modern civilization was developing a "heart of stone."

Addressing a crowd estimated at 100,000, he urged Catholics to work at conserving "a heart of flesh, a heart that has a human sensibility and a heart that lets itself be conquered by the Holy Spirit."

Reuters
The pope celebrating Mass on Sunday at Paray-le-Monial.

Zulu Leader Says Pretoria Must Accept a Unitary State

Reuters

JOHANNESBURG — Mangosuthu Buthelezi, the Zulu chief and politician, said Sunday that there could be no meaningful talks between blacks and whites unless President Pieter W. Botha accepted that South Africa was one country and must have a single Parliament.

Speaking to thousands of tribesmen in Enseleni, a village in Natal province, Chief Buthelezi laid down his toughest conditions yet for taking part in a National Statutory Council that Mr. Botha has proposed to debate a new constitution for South Africa.

Many black leaders have spurned this advisory council. The government considers that Chief Buthelezi's participation is essential for its success.

Chief Buthelezi, who is regarded as a moderate, said he would not join the council unless it was constituted to negotiate the sharing of power between blacks and whites. At present, South Africa is governed under the system of apartheid, or racial separation, under which the white minority is dominant and the black majority is excluded from central government.

"We can negotiate about the form which democracy should be given in South Africa, but unless the state president accepts that South Africa is one country with one people who will share but one destiny, and must be ruled by one Parliament, meaningful negotiations between black and white will not get off the ground," the chief said.

Mr. Botha says his government is committed to sharing power with the blacks. But he has ruled out a one-man, one-vote system in a unitary state. Instead, his National Party favors maintaining white domination in South Africa through a federation of ethnic and geographic units.

The government has created 10 tribal homelands, four of which have accepted a status that Pretoria calls independent but is not recognized as such outside South Africa.

Chief Buthelezi, chief minister of the KwaZulu homeland, has rejected the offer of independence.

■ South African Goods Held

The New York Times reported from Washington:

The Reagan administration has ordered a halt of all South African goods coming to the United States pending clarification by the administration of how to enforce the economic sanctions passed by Congress on Thursday.

The sanctions cover both broad categories of South African exports and all products made by companies affiliated with the Pretoria government.

On Friday afternoon, the Treasury Department ordered U.S. customs officials at points of entry nationwide to stop all shipments from South Africa, pending issuance of a list identifying the companies whose products are banned under the legislation.

[Herman W. Nickel ended his four-and-a-half-year posting as ambassador to South Africa on Saturday, saying that the sanctions package enacted by Congress was an "expression of anger" that would not work as policy, Reuters reported from Johannesburg.]

POLICY: *Disarray After Sanctions*

(Continued from page 1)

cies that I think are adding to the chaos and undermining U.S. interests in the region."

Even before the sanctions bill was passed, the credibility of the administration's "constructive engagement" policy was being called into serious question. Both conservatives and liberals seemed to agree the administration's quiet diplomacy tactic had failed.

Already, the Angolan government has stopped cooperating with the administration in its efforts to negotiate the withdrawal of Cuban troops from Angola and independence for South-West Africa, or Namibia, which is administered by South Africa.

In addition, "front-line" black African nations bordering South Africa are up in arms over the administration's decision this year to begin aiding the South African-backed rebels of Jonas Savimbi fighting the Marxist Angolan government. Zimbabwe's president, Robert Mugabe, in a United Nations speech Thursday called this an example of "state terrorism."

The administration's relations with Zimbabwe, economically and politically the strongest front-line nation, took a turn for the worse this summer when a Zimbabwean minister criticized U.S. policy in the region at a July 4 party at the American Embassy in Harare. In response, Washington has cut off aid to Zimbabwe.

Now U.S. relations with the white South African government also seem likely to take a turn for the worse as the administration applies, willingly or not, the sanctions voted by Congress banning new U.S. investments in South Africa and halting the importation of South African iron, steel, coal, uranium, textiles and agricultural goods.

Congress and Mr. Reagan now have left the State Department with the task of picking up the disjointed and contradictory pieces of the administration's southern Africa policy: sanctions against South Africa; military assistance to South African-backed Angolan rebels; the absence of diplomatic relations with Marxist Angola but continuing economic and diplomatic support for Marxist Mozambique; and a ban on economic aid to Zimbabwe.

Aquino Welcomes U.S. Aid Vote but Filipinos Question Ties

By Seth Mydans
New York Times Service

MANILA — President Corazon C. Aquino has expressed gratitude that the U.S. Senate reversed itself and voted to increase aid to the Philippines by $200 million.

But the measure's initial defeat early last week was greeted in many quarters with shock and gave impetus to an emerging examination of the country's new relationship to its former colonial master.

With the increase voted Friday, the Philippines would get about $500 million in overall military and economic aid in the fiscal year 1987, which began last Wednesday, slightly below the $553 million received in 1986. The House approved the increase earlier.

"While I do reiterate my appreciation to both houses of the United States Congress for the aid," Mrs. Aquino said Saturday, "I must also thank the American people who during my recent visit to the United States welcomed me with open arms."

A day earlier, Art Borjal, a columnist, was calling what then appeared to be the defeat of the aid one of "the saddest chapters in Philippine-American relations."

"People are asking why the United States government has abandoned the Philippines at a time when help is needed most," he wrote.

But The Manila Chronicle said the Philippines should abandon such "fantasies" of rescue by the United States.

"We should begin to disabuse our minds about the weight of 'special relationships,'" it said in an editorial. "We suggest that, perhaps, in this sort of skepticism we can start our maturity as a sovereign nation."

A symbol of the two nations' relationship is the presence of two huge U.S. military bases, which are seen by many Filipinos as a vestige of colonialism that must be ended before the nation can feel fully independent.

A commission that is drawing up a new constitution has decreed that any extension of the current agreement that ends in 1991 will require approval by the Philippine Senate.

Mrs. Aquino has stopped speaking hopefully, as she did in the early days of her presidency, of "massive aid" from Washington. Now she insists that the two nations should deal with each other on a more mature basis, as sovereign equals.

Her predecessor, Ferdinand E. Marcos, is now seen by many as having been what is known here as an "amboy," or American boy, who carried out the wishes of the United States, and turned to America in every crisis.

In special symposiums, in political pronouncements and in the columns of their newspapers, Filipinos these days seem to be seeking a new identity.

One recent symposium of Manila intellectuals called for an end to the two nations' "special relationship," removal of the American bases, declaration of a national language to replace English as the common tongue, monitoring of American researchers and scholars here and a tighter rein on the pervasive influence of the United States.

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DUTCH: *Shield Against the Sea*

(Continued from page 1)

landers at the inauguration ceremony on this man-made island that served as a staging area for the project.

"This will end the mythology of the dumb little Dutch boy with his stupid finger in the dike to save his country," said Louis van Gesteren, an Amsterdam sculptor. "Listen, we are a technological people."

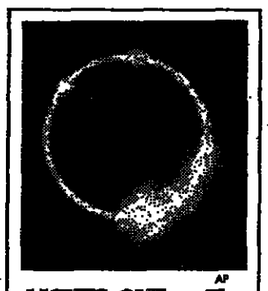
It was on this island, once a sand bar, that the concrete piers of the barrier were constructed. Each rose up to 120 feet and weighed 18,000 tons. Engineers found a way to float them, using the principle of buoyancy and a vessel equipped with two gantry cranes to position the piers in water 80 or 90 feet deep.

Before this could be done the sea bottom had to be prepared to receive them. The sea bed was first dredged, then covered with layers of gravel and sand that were battered by a compacting rig.

Once the seabed was leveled, it was covered with mattresses containing graded rock to absorb the changing water pressure in the subsoil.

The mattresses were then wrapped in a blanket woven of flexible steel that, in turn, was covered by rolls of quarry stone held by wire mesh; all this was done to ensure that the piers would not move by more than an inch or so in the strong currents.

When the piers were in place, their hollow core was filled with sand to ensure stability.



AP
LIGHTS OUT — The moon passed in front of the sun Friday for a total eclipse that lasted four seconds. Because of fog, it was visible only over the Atlantic between Iceland and Greenland.

SUBMARINE: *Fire Is Out*

(Continued from page 1)

seas. As of now, according to the information we have, if confirms what the Soviet have said."]

The submarine belongs to what U.S. military officials refer to as the Yankee class. It can fire up to 16 nuclear missiles.

George C. Wilson, the Pentagon correspondent of The Washington Post, quoted U.S. military sources as saying Saturday that 50 of the submarine's 120 crew members had been taken off the vessel.

Soviet officials dispatched several merchant ships to the burning submarine.

A State Department spokesman said that Mikhail S. Gorbachev, the Soviet leader, sent a message to President Ronald Reagan early Saturday that reported the fire and casualties and gave the ship's location.

Mr. Reagan offered U.S. assistance to the Soviet government, the spokesman said, but the offer was declined as unnecessary.

Western diplomats in Moscow said the disclosure was unusual for the Soviet Union, which has been guarded about any accidents, particularly those involving the military.

Some attributed the openness to concern that the event not interfere with preparations for the meeting between Mr. Reagan and Mr. Gorbachev in Iceland that starts Saturday.

A U.S. State Department spokesman said that Mr. Gorbachev's message arrived in Washington at 9:06 A.M. local time.

But the Pentagon apparently had learned of the incident several hours before. A Pentagon spokesman traveling with Defense Secretary Caspar W. Weinberger from Washington to China on Saturday said that the "first information came at 4 to 5 A.M. Washington time."

The spokesman did not indicate how the Pentagon learned of the accident.

U.S. submarine specialists in Washington confirmed that the United States knew the submarine was in trouble before Mr. Gorbachev notified Mr. Reagan.

Although they would not disclose who sent the first message about the submarine, it is likely that this came from a navy attack submarine monitoring the Soviet vessel. Monitoring is standard procedure whenever Soviet submarines sail along the U.S. coast.

The United States also has listening devices on the ocean floor that keep track of passing submarines. A fire alarm going off inside the submarine might have been heard by the system, the sources said.

After the fire broke out, apparently in the missile storage area, U.S. sources said, the Soviet commander was unable to bring the fire under control. He took the submarine to the surface, where it was spotted by U.S. satellites.

Both the United States and the Soviet Union have lost nuclear submarines at sea.

The Tass announcement reflected Mr. Gorbachev's campaign for more candor in the Soviet media. In recent months, the Soviet press has reported an airplane hijacking in the Ural Mountains, a shipping accident in the Black Sea and earthquakes in central Asia and Moldavia, providing details that before would never have been officially confirmed.

NUCLEAR: No Peril Seen

(Continued from page 1)

energy and technology consulting firm in Washington. "It's not a bomb that's bottled up."

"It's not appropriate to talk of nuclear explosions — that, I believe, is not a realistic thing," said A. David Rossin, the U.S. assistant secretary of energy for nuclear energy.

He said it was "entirely possible" that Soviet assurances that there was no danger of explosion or contamination were correct.

It was a chemical explosion of nuclear fuel — not an atomic blast — that occurred in a runaway chain reaction at a nuclear power plant at Chernobyl, in the Soviet Ukraine, on April 26. A large radioactive plume subsequently spread over Soviet territory and much of Europe.

A release of radiation from the Soviet submarine would have occurred only if the ship's reactor core, where enriched plutonium or uranium fuel is stored, had been breached, said Mr. Mills, a physicist.

But in that case, he said, the submarine would probably have sunk, and the radiation would be so diluted by the vast ocean that it would pose no danger.

Both Mr. Mills and Mr. Rossin stressed that they were speaking in general about the physics of nuclear energy and the design of nuclear safety systems and had no specific information on the submarine accident or on the design or safety systems of nuclear subs.

Reagan Repeats Appeal to House For Arms Unity

Washington Post Service

WASHINGTON — President Ronald Reagan has reiterated a warning that arms control restrictions approved by the Democratic-controlled House "could well jeopardize the chances for successful discussions" at his meeting Saturday and Sunday with Mikhail S. Gorbachev.

Mr. Reagan, in his weekly radio address Saturday, said: "The Soviets must not think that delay could work to their advantage by gaining from the Congress what they cannot win at the negotiating table. I'm asking the Congress to be especially alert about sending the Soviets a message of national unity."

In a Democratic response, Representative Vic Fazio of California said that congressional Democrats "stand behind you, Mr. President" in the talks. But he added that the U.S. economy "is in trouble" and urged Mr. Reagan to accept cuts in defense spending.

"Our omnibus budget bill freezes domestic expenditures and asks only for an equal sacrifice on defense spending after years of build-up," Mr. Fazio said.

The House has approved a ban on nuclear testing and mandated compliance with the unratified 1979 strategic arms limitation treaty. It has also voted cuts in Mr. Reagan's Strategic Defense Initiative.

GAME 22 QUEEN'S GAMBIT

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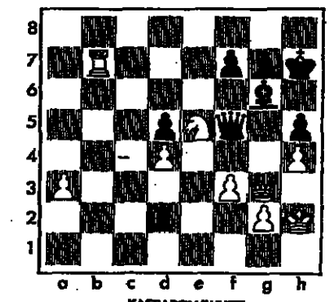
White Kasparov	Black Karpov
1. d4	Nf6
2. c4	e6
3. Nf3	d5
4. Nc3	Be7
5. Bg5	h6
6. Bxf6	Bxf6
7. e3	0-0
8. Rc1	c6
9. Bd3	Nd7
10. 0-0	dc
11. Bxc4	c5
12. h3	cd
13. ed	Nb6
14. Bb3	Bf5
15. Re1	a5
16. a3	Re8
17. Rxe8+	Qxe8
18. Qd2	Nd7
19. Qf4	Bg6
20. h4	Qd8
21. Ne4	h5
22. Re1	b5
23. Nc3	Qb8
24. Qe3	b4
25. Ne4	ba
26. Nxf6+	Nxf6
27. ba	Nd5
28. Bxd5	cxd5
29. Ne5	Qd8
30. Qf3	Ra6
31. Re1	Kh7
32. Qh3	Rb6
33. Re8	Qd6
34. Qg3	a4



KASPAROV/WHITE

IHT
At adjournment, after 40 . . . Rd2.

White Kasparov	Black Karpov	White Kasparov	Black Karpov
35. Ra8	Qe6	41. Nd7	Rxd4
36. Rxa4	Qf5	42. Nf8+	Kh6
37. Ra7	Rb1+	43. Rb4	Re4
38. Kh2	Re1	44. Rxe4	dxe4
39. Rb7	Re2	45. Qd6	e3
40. f3 (diagram)	Rd2	46. Qd4	Black resigns.

CHESS: *Kasparov Regains Lead*

(Continued from page 1)

and the chess federation scheduled a new match for last fall, this one limited to 24 games.

Mr. Kasparov returned a more mature player, and the lead changed three times before he pulled ahead and finally triumphed, 13-11, becoming the youngest world champion in the history of the game.

But the rules laid down by Mr. Campomanes guaranteed Mr. Karpov a return match, and despite Mr. Kasparov's protests over the arrangement, the two men squared off once again July 28 at the Park Lane Hotel in London. Mr. Kasparov was now 23 and Mr. Karpov 35.

By the time the 12 games in London were finished, Mr. Kasparov led by one point. In Leningrad, he quickly raised his lead to three. But in the 17th, 18th and 19th games, Mr. Karpov abruptly turned the tide, capitalizing on Mr. Kasparov's excess ambition and errors, to even the score.

"This match has been the most fascinating in my memory," said Mark Taimanov, a Soviet grandmaster who has been a fixture in the press room since the outset of the match. "Nobody could have believed that the score would be even at this late stage of so long a match."

Latvian Bridge Collapses During Test, Killing 10

New York Times Service

NEW YORK — The Soviet Union has announced that 10 persons were killed and 14 were injured last month when a 40-year-old highway bridge over Latvia's main river collapsed during a routine test for strength.

In the test, conducted Sept. 20, 14 heavy trucks filled with gravel were driven onto the bridge, over the Daugava River at the Kegums power plant, 30 miles (50 kilometers) southeast of Riga, for stresses and deformations to be measured. As the 14th truck drove onto the bridge, it collapsed.

TURKEY: *More Aid Is Wanted*

(Continued from page 1)

force flying many Korean War-era jets, even U.S. officials agree in principle that the Turkish armed forces need about $1.25 billion over the next 10 years to modernize.

Mr. Ozal said that the United States has not tried to meet these basic military needs and has decreased aid to Turkey in the last three years. Nor is he appeased by a Reagan administration appropriation for $974 million for fiscal 1987 because, he said, the administration has shown no inclination to fight in Congress for the outlay.

The White House, he said, has failed to request the amount of money that Turkey wants, and those requests have been slashed each year by Congress, acting under pressure of the Greek lobby.

While U.S. officials at the embassy in Ankara will not speak about the issue on the record, they have indicated in the past that the Turks have an unrealistic view of what the administration can do in seeking to provide aid.

"I know the problem" of American politics, Mr. Ozal said when confronted with that explanation. "But I know another thing, too: that an administration like President Reagan's is a strong one and that it can get what it wants most times if it wants to work for it."

SUMMIT: *Gorbachev's Goal*

(Continued from page 1)

the Kremlin had chosen to concentrate on intermediate forces as the key to an eventual strategic, or intercontinental-range missile, agreement with Washington.

■ Differences on Tests

Gennadi I. Gerasimov, the spokesman for the Soviet Foreign Ministry, said on a U.S. television program Sunday that the best prospect for reaching an agreement in Iceland was in the area of intermediate-range nuclear forces, The Washington Post reported from Washington.

But he added that "the priority No. 1 for us is to agree to stop nuclear tests and to talk about a test ban treaty."

A few minutes later on the same program, Secretary of State George P. Shultz reiterated the U.S. determination to continue testing.

"As long as we rely, as we do, on nuclear weapons as our primary deterrent against war, there will be a need for testing," he said.

■ Accord on a Site

Iceland announced Sunday that the Soviet Union had accepted its choice of the Hofdi, a house on Reykjavik Bay, as the site for the Reagan-Gorbachev meeting, The Associated Press reported.

At the same time, Prime Minister Steingrimur Hermannsson announced that Mr. Gorbachev's wife, Raisa, would accompany him to Reykjavik.

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International Herald Tribune Special Financial Report Monday, October 6, 1986

French Banking

Low Franc Is Linked To Upswing of Mark

By Ken Ferris

PARIS — The French franc has dropped to record lows against the Deutsche mark less than six months after it was devalued in a major realignment of the European Monetary System (EMS).

The sharp decline owes more to the strength of the West German currency than to a flight out of franc-denominated assets. But it highlights the problems facing a French government that hopes to phase out all remaining exchange controls by the end of this year.

The franc's lofty position at the top of the snake, established after April 7's general realignment, was held only briefly. It slipped steadily toward the bottom of the EMS over the summer and is now the third weakest unit ahead of the Belgian franc and Danish krone.

The irony is that the French economy is in its best shape in decades. July's annual inflation rate of 2 percent was the lowest for 20 years, the budget presented to Parliament on Sept. 15 included an upbeat forecast of 2.8-percent growth in 1987 and the current account of the balance of payments is set to register a 30-billion to 40-billion franc ($4.54-billion to $6.06-billion) surplus this year.

The weakness of the franc has prompted the Bank of France to intervene heavily in the foreign exchange markets to defend the currency. Dealers estimate that the central bank sold about 500 million Deutsche marks ($250 million) against the franc on Sept. 17 as demand for the West German unit pushed it up against all major currencies.

"The short-term determining factor for the franc is the Deutsche mark/U.S. dollar relationship," noted J. Paul Horne, chief economist at Smith Barney, Harris Upham in Paris. "If you think the dollar is going to reach 1.75 marks, you can be almost sure there will be an EMS realignment. If you think it will drop out in the 1.90-1.95 range, maybe the Bank of France can hold out. It seems to me that the United States is looking for 1.80-1.85. That implies a devaluation of the franc."

The growing uncertainty about the stability of the EMS is another factor undermining the French currency. The unexpected devaluation of the Irish pound on Aug. 2 and the recent pressure on the Danish krone have alerted investors to the risk of holding funds in high interest rate EMS currencies.

The weakness of the franc on the cross with the Deutsche mark poses problems for Prime Minister Jacques Chirac's center-right coalition whose radical economic policies demand a stable currency. The government's economic program includes the privatization of state assets, relaxation of exchange and price controls and plans to cut both taxes and the budget deficit.

Concern about the franc's fall below its central EMS parity of 3.2562 to the Deutsche mark was behind Mr. Chirac's recent move to add his voice to those of officials in the United States calling for a West German discount rate cut.

He clearly believes such action would relieve pressure on the weaker EMS currencies as investors switch funds out of Deutsche marks to seek a higher return in other markets.

The Bundesbank has so far ignored such demands. Bonn insists that the West German economy is performing well enough without a nudge from lower borrowing costs and that the current level of interest rates is needed to bring money supply growth back within the official 3.5-percent to 5.5-percent target range.

Most analysts expect the franc to hold its parity within the EMS through 1986. But there are clear signs that another devaluation is likely early next year.

"Fundamentally the franc is weak against the Deutsche mark despite the fact that the inflation differential has been sharply reduced to 2-2.5 percent," said Mr. Horne.

"One reason is that the structural inflation gap [the differential between the rate of growth of unit labor costs] is running at about 3-3.5 percent. Another is the substantial difference between the current account surpluses in each country. The turnaround in France is largely due to the oil price collapse, while in Germany there is a much larger surplus on manufactured goods," added Mr. Horne.

Brinsley Best of Best and Associés, a Paris-based advisory service, is also wary of the

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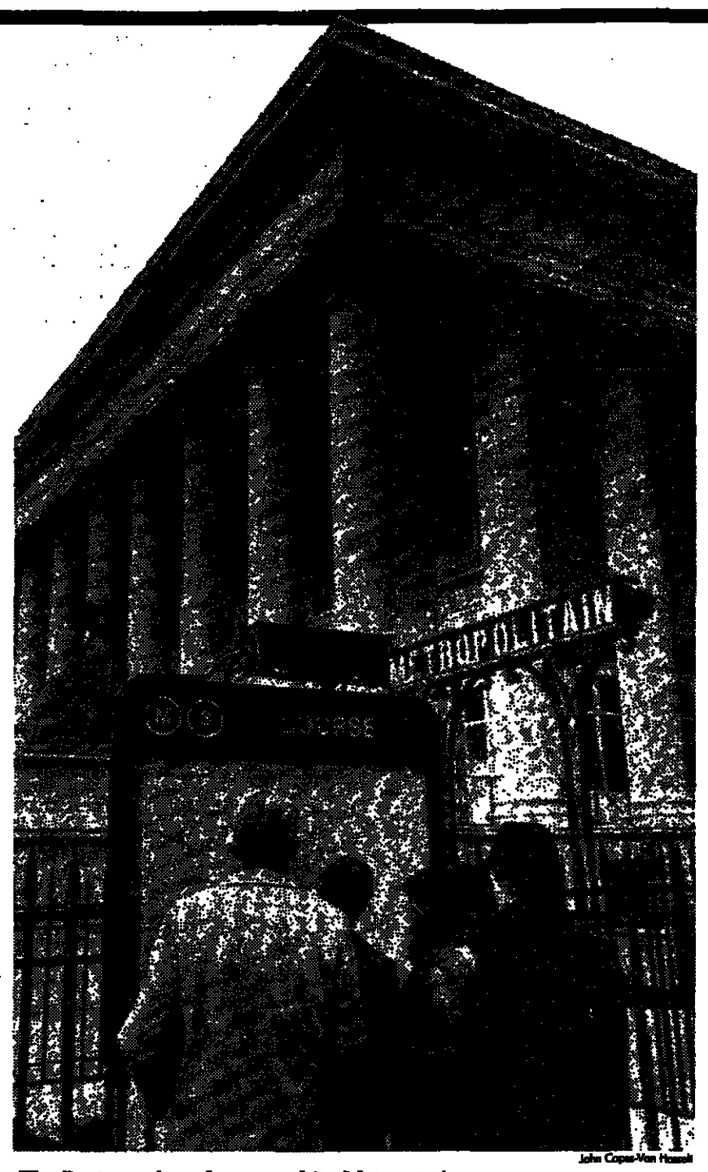

John Copas-Von Hoesslt

The Paris stock exchange and its Metro station.

Banking Changes Likely to Narrow Profit Margins

By Vivian Lewis

PARIS — All over the world, bank regulators are getting rid of outmoded rules. U.S. banks are finally being allowed to cross state borders to buy thrift or banking institutions that otherwise would go bankrupt; West German banks are being allowed to deal at home in a more international fashion, in pools led by foreign banks, in European currency units; British banks and brokers are to be allowed to take control of stock market intermediaries and offer competitive commission rates.

London's Big Bang, with its banking reforms, is an international phenomenon, and in France, too, there have been and will be changes in the rules governing banking. In a world of increasing global competition between financial markets, Paris has had to adjust in order to keep its share of international business. But because the rules of the game have been so different in France, with different constraints and different liberties than in other banking centers, the adjustments being made here are very different, too.

And the changes are likely to weaken French banks in the international struggle for business and profits. Even getting the government out of the banking business in France will probably hurt the French banks.

Among Western industrial countries, France is alone in having an almost wholly state-owned banking sector. The product of a series of politically motivated decisions taken first by General Charles de Gaulle in 1945 and then by President François Mitterrand in 1981, the nationalization of French banks is about to be reversed by a similarly politically motivated decision taken by the center-right government that was elected in March.

Although large French banks are among those covering the widest geographic networks, and although French rules governing the opening of foreign-owned branches and subsidiaries are among the fairest in Europe in that they treat foreign applicants for a bank license the same way as indigenous applicants, French banking privatization will break with these liberal traditions and the trend toward the globalization of banking that its own institutions have benefited from. Because of politicking, the law on denationalization of banks will outlaw any foreign investor or group of investors from taking more than 20 percent of the stock of a formerly state-owned bank.

The problem is that French banks for the most part are not very attractive under international norms of profitability, capital ratios or return on assets. If foreign investors are required to limit their interest in French banks to taking a portfolio stake that will not give them a chance to manage the French institution, they may balk at investing in French banks at all. They are more likely to just decide to open on their own in Paris, adding to the competitive pressure.

Contrary to free-market theories, then, one result may well be that privatization will be as poorly handled as nationalization was. A recent poll shows that 55 percent of French citizens are not interested in a chance to acquire shares in the institutions to be privatized.

Coupled with the denationalization drive are a number of other measures that should make Paris a more attractive banking center. But there are also problems that will make it harder for French banks to reap the benefit, most notably their gross undercapitalization.

So long as they were owned by the government, it was possible for leading French banks to do business on a scale that their meager equity would not have allowed them to perform under private ownership. Recognition of the problem in France has led banks, with regulatory approval, to increase their loan-loss reserves, creating a sort of pseudo equity. But private stockholders are less likely to tolerate this kind of accounting, because it cuts into their prospects for dividends.

And even with the incorporation of newly issued capital from special issues of share-like instruments on the domestic market and perpetual subordinated loans internationally, most banks are still short of the 5-percent target level of coverage of their assets (lending total) set by the Bank of France nearly a decade ago, even when special rules not always acceptable in the international marketplace are used to artificially increase the volume of their equity. And because of high overheads and diminishing margins, there is not much French banks can do about the problem on their own.

It is no accident that one of the rare French banking groups to have an equity ratio comparable to international norms, Paribas, is to be the first banking group on the denationalization list. Paribas is not just a bank; it is also a financial and industrial holding company, which is a major reason that its equity level is higher than that of its French rivals.

> Because the rules have been so different, with different constraints and different liberties, adjustments are very different too.

Although foreign banks are unlikely to find much argument in favor of buying "calling card" (below 5 percent) participations in French rival banks, they are very interested indeed in operating in France. The trouble is that new French and foreign entrants are likely to further squeeze the volume of business and profits of the banks already established here.

By the end of 1986, an estimated 24 new banks are expected to have received their licenses in France, a third of them foreign. Among them is Italy's Istituto Bancario San Paolo di Torino, which opened its doors last month. In addition, twice as many new financial establishments not licensed as banks will get approval from the Bank of France, many as finance houses or *maisons de titres*, a new category of institution created by the 1984 bank reform law and particularly attractive to foreign stock brokerages. So far only Japanese firms, Yamaichi and Nomura, have created *maisons* but there are currently applicants from the United States, the Netherlands and Britain before the Bank of France.

Becoming a *maison* enables a bank, insurance company or brokerage house from outside France to do almost all investment banking operations without the high capital required for a full banking license as would be required in London, for example. They are allowed to transact, sell or invest in stocks and bonds for themselves or their clients, engage in counterparty operations and gray markets, do fund management and investment, operate on the interbank money market and do arbitraging.

The proliferation of new bank establishment in France reverses the trend of recent years. In 1985, the number of banks licensed to operate in France began to rise again after falling during the early years of the Socialists. The reversal may mark a better political climate in France, notably the liberalization moves of the last Socialist finance minister, Pierre Bérégovoy, as well as recovery from the economic

Continued on page 9

Economy Remodels to Spur Investments

By Dinah Louda

PARIS — The economy of France, while it responded only sluggishly to the pro-business reforms of the first six months of Prime Minister Jacques Chirac's government, is being remodeled in fundamental ways that will attract an investment surge and achieve sustained growth by 1988, senior government officials say.

Mr. Chirac's team attributes the slow response to the scope of their version of supply-side economics, designed to reduce the traditionally preponderant state role in the French economy.

"I can think of no precedent for liberalization on such a scale as ours," said Finance, Economics and Privatization Minister Edouard Balladur, the main architect of economic policy.

But he recently acknowledged, on French television, moments of frustration at industrialists' reluctance to expand operations and hire more workers. Unemployment, the most politically sensitive issue for the government, remains at an all-time high with 11 percent of the work force, or 2.5 million workers, out of work.

Mr. Balladur predicted that the government's economic program will start to produce effects in mid-1987. Even on the employment front, the economy will begin to create more jobs than it destroys, he said.

Ambroise Roux, former chairman of CGE, the engineering and telecommunications group, agreed. "The government should have some good indicators at the time of the campaign for the 1988 elections," he said. In March 1988, France is scheduled to hold presidential elections.

Highlights Of the Budget

- **Expenditures: 1,054 billion francs, up 1.8%. Defense spending grows 5.9%.**
- **Anticipated deficit: 128.6 billion francs, down 16.7 billion.**
- **Personal tax cuts: 15 billion francs. Lower marginal rates. Abolition of wealth tax.**
- **Lower tax on redistributed profits, but cuts in aid to industry.**
- **Job cuts: Elimination of 19,000 civil service posts.**

Foreign businessmen also see signs of basic change. French officials regularly cite the inflow of foreign capital, which Mr. Balladur estimates at 53 billion francs ($8.03 billion) since the April devaluation within the European Monetary System, as proof of foreign confidence.

"We see and we feel the improvement, and the tempo is quickening," said Wallace R. Baker, a lawyer who advises international investors. But, he added, "It's a long-term change."

The economic and industrial liftoff that Mr. Chirac promised would come with what he called the "psychological boost" of a conservative victory last March failed to materialize this year. Even in 1987, France's gross national product is expected, on the basis of the latest estimates, to grow by only 2.5 percent, scarcely more than this year (the official estimate is 2.8 percent).

Albert Merlin, chief economist at the Saint Gobain glass and industrial group, said: "The only realistic chance of slightly faster growth, say 3 percent, would be a major spurt in the German economy." West Germany is the biggest buyer of French exports.

Undaunted by slower than expected growth, the government is determined to carry out its four main free market reforms: privatization, deregulation, budgetary restraint and tax cuts. But the very scale of change, and occasional obstruction from Socialist President François Mitterrand, has led Mr. Chirac to adopt a gradual approach.

The privatization of 65 industrial and financial groups, most of which were nationalized by the Socialists, represents the most radical break with the Socialist legacy. But only three companies, starting with Saint Gobain, the investment bank Paribas and the insurance group Assurances Générales de France, will be put up for sale in the coming months. Mr. Balladur will pay great attention to the state of the market at the time of sale. There will also be a 20-percent ceiling on foreign share ownership.

Reducing public expenditure is another key element of the program.

"This is the first time since 1958 that state spending will increase less than prices," said Budget Minister Alain Juppé.

The 1987 budget reduces the deficit by about 17 billion francs at the same time as it cuts taxes by 27 billion francs, or 3 percent — a bit less than first promised. Tax measures include the abolition of the Socialist-sponsored wealth tax and a lowering of the highest marginal income tax rate from 65 percent to 58 percent, tax exemptions for lower incomes and 11 billion francs in corporate tax cuts.

In some areas, such as wage deindexation, the lifting of price and exchange controls or the creation of freer capital markets, the government is simply extending policies initiated by its Socialist predecessors. Although several further steps have been taken, the complete elimination of exchange controls, scheduled for the end of the year, has been postponed.

"One doesn't change mentalities overnight," said Industry Minister Alain Madelin. But the "cultural revolution" in French attitudes toward business and profit has begun, he said. To promote innovation and risk-taking throughout the economy, "the bond between bureaucrats and industry leaders, sealed by years of state subsidies, must be broken," he added, and markets, not ministers, must decide which companies should survive.

"By restoring investor confidence with our supply-side policies and freeing business from the *dirigiste* straitjacket, we hope to be able to again grow faster than our European neighbors by the end of the decade," Mr. Madelin said. Through the 1960s and until the mid-1970s, the French economy was able to grow about one percentage point faster than the European average and still usually keep the current account in balance.

The key to restoring France's industrial

Continued on page 8

French banking with Banque Indosuez.

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New Issue • September 5, 1986

Paris Exchange

Bourse Woos Small Investor

By Alan Tillier

PARIS — The *corbeille*, or ring of velvet-topped railings in the middle of the elegant Palais Brongniart, the home of the Paris stock exchange, is to be dismantled soon and replaced by new trading posts.

Already, the corbeille, the very symbol of capitalism in France since it is where only the tightly knit group of 69 official stockbrokers can trade, encompasses three information terminals.

If Finance, Economics and Privatization Minister Edouard Balladur has his way, the Bourse, as the exchange is known, will be opened to millions of new small shareholders.

In general, foreign investors have shown the way to profits on the Paris exchange. Among the late summer orders were those from Japanese institutional investors taking a 6-percent stake in Club Méditerranée.

Mr. Balladur's plans for privatization include a hard core of French companies to buy into the denationalized concerns, for staff to be offered 10 percent, foreign stakes to be limited to 20 percent initially and, hopefully, the rest to be spread among millions of investors.

This will finally open up the Bourse, a process started by former Finance Minister René Monory in the late 1970s — after the Bourse's low point in 1977 — when he introduced the SICAC unit trusts.

The CAC index reached a record 412.5 on Aug. 29, moving Paris to outperform Tokyo, which had risen 47 percent since the start of 1986.

The omens were very favorable for Paris just before the September crisis in the world's exchanges. Some analysts were predicting that the CAC index would go to 500. The most pessimistic among them saw consolidation at 380.

The government's policies on prices, exchange controls, credit and hiring and firing also underpinned the exchange. Half-year profits looked good and Elf-Aquitaine, the oil and chemicals group, which is one of the market's main barometers, announced six-month results of 3.54 billion francs ($530 million), 17 percent up on the same period of last year.

Wall Street or not, Paris was due for a correction at the beginning of September. To the amazement of all, the market rose for 15 straight days in the normally "dead" month of August.

Despite higher profits and favorable economic gestures from the government, the exchange remained slightly nervous about the internal political scene and whether President François Mitterrand would call a quick presidential election or dissolve Parliament over the thorny question of the rightists' redrawing of electoral boundaries.

John Copes-Von Hasseln

Traders at the Paris Bourse.

Meanwhile, on Sept. 10 in a TV appearance, Mr. Balladur gave a favorable report on the economy. He confirmed the policy of "freedoms" in the economic and monetary fields and said the economy would really start benefiting from these freedoms, as well as personal and corporate tax cuts, by the third quarter of next year. It was the sort of confident, long-range forecast an exchange relishes.

The CAC index, which began to slip at the start of September due to profit-taking and political fears, picked up on the eve of Mr. Balladur's TV appearance but then fell back.

The Palais Brongniart has its share of pessimists, but the vote of confidence by foreign buyers, particularly in London, has kept this pessimism at bay. The British, for example, bought heavily into Peugeot, France's largest automobile group and the country's major exporter, in the confident hope that the group's return to profitability, announced in the summer by its chairman, Jacques Calvet, was just a beginning and could increase in the next few years.

Xavier Dupont, head of the Compagnie des Agents de Change, who runs the Bourse, said that all these changes have led to the development of the volume of trading.

Capitalization of shares had risen to 900 billion francs in July, 6.7 percent higher than a year previously. The three-year-old secondary market continued to grow and accounted for 10 percent of total capitalization. There are 102 companies trading in Paris and more than 50 in the provincial exchanges, notably in Lyon. There are even some foreign companies seeking capital in this way.

The government was pleased by this expansion of shares and activity. It showed that the Bourse was now better equipped to absorb the coming privatization of Saint Gobain, the glass and materials group; Assurances Générales de France, an insurance group, and the Paribas investment bank.

Even before Mr. Balladur confirmed that they would be the first to be sold, his ministry had stressed that the 126-percent jump in new issues and nonvoting shares *(certificats d'investissement)* in the first half of the year underlined the health of the exchange.

Mr. Dupont does not deny that Paris has copied other exchanges. The Paris secondary market, which has been such a help to small, dynamic companies, was based on London's unlisted securities market (USM), while the Toronto model provided the example for the software and the training for the continuous market.

"We have been empirical to gain time," Mr. Dupont said.

Empirical is also the word to describe the way the CAC has allowed bankers to start trading on the futures market. The CAC, with its 45 member firms, will remain the main intermediary. Mr. Dupont thinks the Big Bang in London could create a problem in that brokers and bankers may have difficulty finding the right marriage arrangements — or in some cases, marriage partners at all.

Paris, where the volume of transactions in the first six months was 1.12 billion francs, remains a fraction of the size of New York, London or Tokyo, but Mr. Dupont thinks it has an important role to play despite London's pretensions to "cover" the information side of 100 major companies, including 30 major French companies, and therefore assure the trading.

He said: "I think we have a fairly good card here. The West German market is strong but divided. The Italian market has expanded rapidly but perhaps in a disorderly way. Spain is less important. Holland is well managed, I must say, but it was to Paris that Nixdorf came." The West German computer firm was floated on the Bourse in September.

On privatization Mr. Dupont said: "It could have been fearful five years ago. The situation has changed radically and the public is being offered some very good merchandise with Saint Gobain.

"The Bourse today is a good shop in which to buy. There are some very special French shares that appeal to foreign buyers, like Club Med, the champagne houses, Ecco [part-time working], leisure and service companies, industrial companies like Air Liquide."

"The market is healthy enough to handle privatization," he added.

ALAN TILLIER, a journalist based in Paris, is a regular contributor to The Sunday Times of London.

New Financial Instruments

Bank Competition Is Heating Up

By Vivian Lewis

PARIS — Recent changes in French market practices and instruments for borrowing or lending money have led to a scramble among French banks for a competitive edge.

Early this year, to try to match the terms that Triple-A corporations could get on the new French public market for commercial paper, known as *billets de trésorerie*, French commercial banks started to offer loans at particularly low interest rates. Called *crédits spot*, these new-style bank loans are not pegged like other corporate loans to the French equivalent of the prime rate, the bank base rate. Instead, their interest rates follow the rate at which the French banks finance themselves, the money market rate.

For some favored corporate clients, banks even sometimes offer funds at the money market rate without charging any commission at all, offering *un spot nu*, a "naked spot." The banks believe they can make money by offering other services to the same client, whose loyalty has been won with such cheap funding.

But besides giving corporate treasurers a new source of cheap loans, the revolutionary changes in French markets are also forcing structural and organizational reforms in the banks themselves, another area of growing competition. Banks better able to use the new markets, and integrate operations between them, can make more money several ways: by better placing their own funds or those of their clients, by selling their services in these new markets to corporations and institutional investors in return for fees and commissions and by arbitraging between markets.

If a bank has the capacity, the computer programs and the personnel for complex maneuvers in a half-dozen markets, the risk-free return from a pure arbitraging transaction can be huge. Richard Pacault, deputy general manager of Banque Internationale de Placement, France's oldest bank specializing in arbitrage, explained one such transaction.

BIP, which was founded by Société Générale, Britain's Midland Bank and Swiss interests in 1979, began by borrowing 400 million francs early in 1984 on the French financial market, he said. With the money, it bought the gold-indexed French government bonds, the "7 percent of 1973," also known as Giscards, after Valéry Giscard d'Estaing, the finance minister and later president who first issued these instruments.

At the time, the bond, whose principal and interest are based on the price of gold, was yielding 16 percent. BIP then sought to cover its gold risk forward, which it did by selling gold contracts on the Comex in the United States. But this introduced another risk, placing the funds received in dollars to get the best yield, which BIP covered on the U.S. money market. Finally, to cover the exchange risk, the bank used the spot and forward markets to sell dollars for francs.

This complex transaction, Mr. Pacault explained, resulted in a 10-percent margin for BIP with no money at risk right up until 1988, when the Giscards will be called. He went on to explain that "it was only because the market in Giscards is so narrow that we limited our play to 400 million francs; there were days when we bought half the Giscards on the market or when we made half the contracts on the Comex."

Mr. Pacault believes that British and U.S. banks have used analogous techniques to arbitrage across markets using the gold-indexed bond, "but they did it later when the yield on the Giscard was lower."

"Still, it is reassuring to know that our practices are not an aberration, that we are being copied," he said.

The creation of BIP by a group dominated by Société Générale led to the formation of Natio-Trésorerie by Banque Nationale de Paris the following year. It was followed in 1981 by the creation of Banque Internationale de Gestion et de Trésorerie by Crédit Lyonnais.

The new institutions, called *banques de trésorerie* or *banques du marché*, are the only way large commercial banks in France can bring together services normally scattered in at least three major services: the treasury department, which works on the money market, the financial department, which works on the financial market, and the network that deals with corporate clients.

If the bank has a separate service operating on gold markets or on the new French forward market, the Marché à Terme des Instruments Financiers (MATIF), this further complicates any attempt to do a multimarket-covered arbitrage for the bank's own account or that of its clients.

To try to get around the problem, many banks, starting with Indosuez, but followed also by Banque Nationale de Paris, have created combined dealing rooms where operations in both money markets and financial markets, inside and outside France, can be centralized or chained.

But the tendency now, more notably in France than in other banking centers, is for new institutions to be created, like those of the Big Three banks. Since the MATIF was opened late last year, more than a dozen special banks have been created to do multimarket arbitrage and/or speculation, by banks like Crédit Agricole, Crédit Commercial de France, Indosuez and Banque Française de Commerce Extérieure.

This is also being done by corporations like Thomson, Darty, Total and Cie. Générale d'Electricité, and by insurance companies and other nonbank financial institutions. Often several partners have gotten together to form the new *banques de trésorerie*.

Economy Remodels to Spur Investments

Continued from page 7

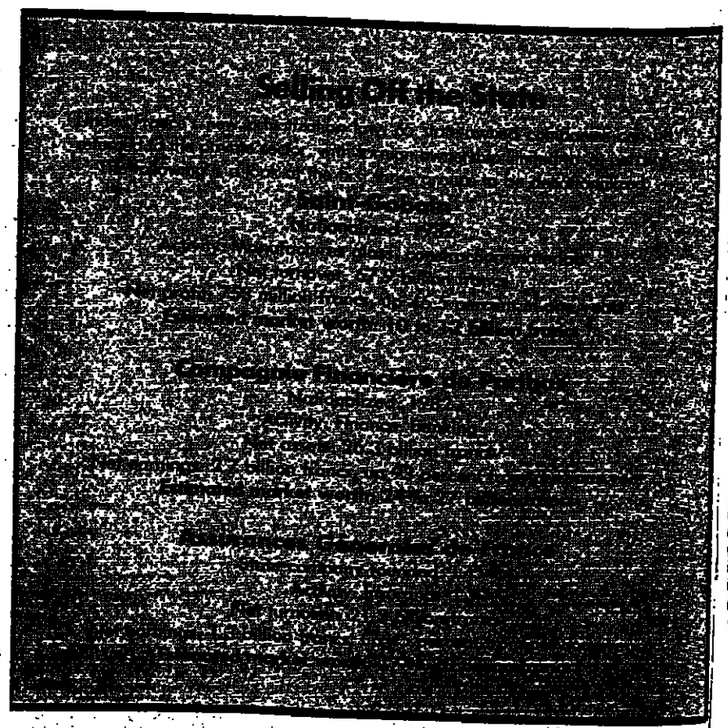
competitiveness is a sustained, high level of investment, most officials and businessmen agree.

"For over 10 years, and especially since 1980, France fell way behind its main partners in spending on productive investment," Mr. Balladur said. Although investment began to pick up in 1985, domestic consumption, fueled by windfall oil savings, tax cuts and the repayment of the Socialist government's forced loan, drove the economy in 1985 and 1986.

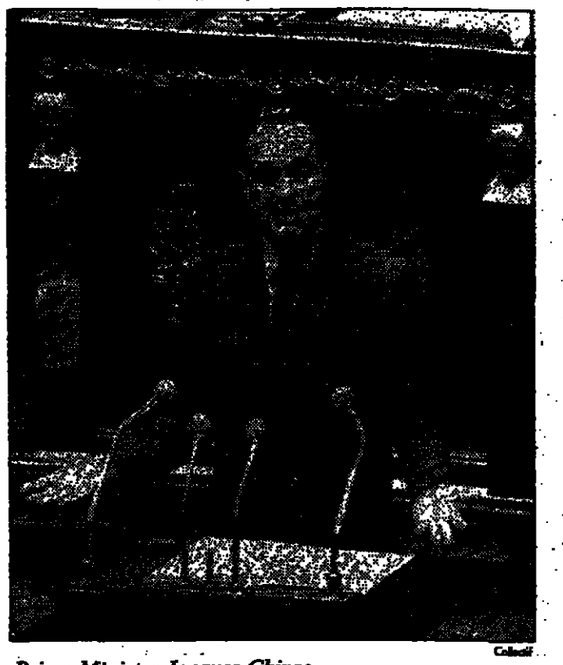
Official estimates for 1987 are encouraging. Private investment should increase by 5 percent. The government is counting on its free market reforms, rather than on specific incentives, to attract French and foreign investments. Recently adopted tax breaks for new residential construction, however, should give an extra boost to economic activity, even if they channel some funds away from the stock market into real estate.

There are other reasons for optimism. Real interest rates, though still high, have been cut three times since April. Inflation is likely to remain low next year, after a mere 2-percent rise in 1986. "We've done a better job at holding down pay settlements than Mrs. Thatcher," Mr. Roux said, referring to the British prime minister, Margaret Thatcher.

DINAH LOUDA is a Paris correspondent for Business International.



Institutional Lending



Prime Minister Jacques Chirac.

Overstaffed Banks Wrestle With Computer Age

By Vivian Lewis

PARIS — French banks are geared up to do a volume of business that they can no longer attract. Passbook deposits are shrinking as a proportion of household savings. Loan volumes, particularly of the most attractive large and solvent corporate borrowers, are declining. Withdrawals and other transactions increasingly are automated.

Too many people trained to handle paper transactions are still working in banks in the electronic age. Bankers' estimate French overmanning levels at 10 percent or more.

In banking — and not just in France — it is not the thing to talk about firing people. But the newly appointed chairman of Crédit du Nord told his employees last spring that some of their jobs would be eliminated.

Bruno de Maulde, who broke the taboo at Crédit du Nord, in fact was not as brave as it appeared, since his predecessor had already worked out how the grief would be shared with workers' representatives at the bank. And Crédit du Nord, the retail banking arm of the powerful Paribas investment house, has had some special problems in recent years linked to poor real estate investments. It also suffers from the fact that, as its name indicates, its network is strongest in the troubled northern smokestack area of France.

But the layoffs at Crédit du Nord may mark a trend. Significantly, Mr. de Maulde got bipartisan support in the aftermath of the furor. The Socialist chairman of Crédit Lyonnais at the time, Jean de Flassieux, who has since been replaced, indicated that overmanning levels at his bank were running at 10 percent. And the government of Jacques Chirac gave Mr. de Maulde's plan a vote of confidence by reappointing him.

A major reason that French banks have superfluous personnel is that many of the paper-pushing jobs they used to do are handled by computer. The national system of cash dispensers linked to the Visa network means that many French people for months at a time no longer need to line up at a teller's booth. In 1984, the last year for which figures are available, automated cash withdrawals accounted for 32.6 billion francs ($4.9 billion), three times the level in 1981 and 10 times the level in 1977.

About half of French banks' spending before profits still goes for wage payments, even though many banks have frozen hiring for some years. According to the French Bankers' Association, at the close of 1983 more than a quarter of a million Frenchmen were employed by its member banks, a 1.5-percent increase from the 1982 close of year. More recent figures are not available.

Meanwhile, the profits French banks can earn from their traditional business of taking deposits and lending money are lagging, according to the 1985 report of the French Banking Commission. What with slow growth, a sharp decline in inflation levels, an easing in loan demand and repayment problems with French and foreign private and sovereign borrowers, French banking margins declined slightly in 1985, the commission reported. Banking margins are the difference between what deposits or funds cost a bank and what it gets for lending money.

The current decline in margins adds to a long-standing problem with French banking profitability. French profit levels are low by international standards. Last year, leading French banks earned pretax profits of 0.41 percent of their banking assets, while the U.S. ratio was 0.89 percent, Japan's 0.44 percent, West Germany's 0.50 percent and Britain's 1.13 percent. Of all the countries in the world surveyed by The Banker, a British publication, in July, only Iran, South Korea, Austria and Belgium had lower returns on assets.

Banks are getting less deposits proportionately and lending out less. One reason is that French households are saving less overall, and what they save is no longer simply placed in a bank passbook. In 1985, French gross household savings fell to 12.3 percent of revenues, down from 13.5 percent in 1984 and 14.4 percent in 1983. Household savings include life insurance, stock market investments and mortgage payments.

The share of their revenues that French families put into banks savings fell even more sharply, to 4 percent in 1985, compared with 5.1 percent in 1984 and 5.4 percent in 1983. This contrasts with the 1970s, when households saved over 17 percent of their revenues on average and put 6 percent of the total in the bank.

At the same time, lucrative bank lending to corporations is also declining because companies have other sources of funds: higher profits (due in part to tax cuts) and direct tapping of the market. The debt of corporations to financial institutions last year came to 4.5 percent of corporate gross margins, down from 5.8 percent in 1984 and 7.5 percent in 1983.

With money-lending profits under pressure, French banks are trying to develop new sorts of business, above all to earn fees and commissions. And they are trying to develop their business as financial counselors to households and individuals. The trouble is that it is hard to imagine retraining the older tellers to act as investment advisers or treasury specialists.

One banking expert, Olivier Pastré of the University of Paris, recently wrote that "the social problem [in its entirety] today is one of the principal brakes on modernization of banks" in France. Until a new government with a taste for market solutions was elected in March, bank employees, like other salaried workers, felt they had a lifetime employment contract. But the new French mood is to stop carrying money-losing enterprises merely in order to guarantee their employees' jobs.

Bank Changes Likely to Reduce Profits

Continued from page 7

crisis. It also reflects the creation of new specialized arbitrage banks. As of the close of 1985, there were 214 banks controlled by French interests operating in France, and 143 controlled by foreign interests.

The Bérégovoy reforms are a hard act to follow. In the course of his stewardship as finance minister, a half dozen new markets were created, handling everything from options on French government bonds to securitized mortgages to French corporate commercial paper. As a result of the reforms, banks — and other institutions, like interbank money brokers, finance houses, *maisons de titres* and arbitrage banks — found new opportunities in Paris. Foreign institutions were more experienced with options, commercial paper and securitized mortgages, and some of them were able to win an edge against the big French banks.

The reaction did not take long. Large French banks set up specialized subsidiaries, or tried to remove the old barriers between banking divisions that hampered their effective use of the new instruments and markets. It is hard for a bank organized traditionally with a treasury department working on the money market and a financial department working on the financial markets and a separate section in its network dealing with corporate clients to effectively deal in commercial paper, where the risk is corporate and the term is short. French banks hurt themselves further by offering short-term bank finance in an effort to compete with the commercial-paper market.

Now banks are trying to tailor their structure to the new opportunities. One tactic is to create a separate team to function on the Marché à Terme des Instruments Financiers (MATIF), the financial futures market. Other banks have sought to integrate different divisions or directorates. The latest trend in Paris banks is centralized dealing rooms operating in money and financial and exchange markets simultaneously (some banks have even brought in some commodity trading, in gold). This enables easy mounting of swaps, hedging of risk, arbitraging and even some speculation. The first to do so was Indosuez, followed by Crédit Commercial de France.

The removal of barriers is widespread and is referred to as "decompartmentalization." But France has a system of universal banking so, theoretically, there are no legal obstacles to institutions operating on the lending market moving to the financial market. French banks may hedge between deposit-taking and placing or taking funds from the long-term bond market and the short-term interbank market and the futures market without hindrance. And there is no barrier: A French bank can act as underwriter for, lender to and investor (for funds it manages) in the same company. So there seem to be fewer restrictions to be removed here than in the United States, Britain or Japan.

The obstacles to operating efficiently in a multitude of markets, many of which are new to them, have largely been the result of the banks' own hierarchies and organization. Liberalization and deregulation have increased the pressure on banks to reform and streamline their internal structures.

The French authorities are planning further liberalization moves that will increase the pressures for change. French exchange controls, already pretty tenuous, are slated to be lifted entirely some time before the end of the year.

Then, too, the young but flourishing financial futures market (MATIF) is going to be allowed to offer contracts on new instruments: options on Treasury bond futures this year, and Ecu-yen and Ecu-dollar contracts and a stock index option linked to the Paris Bourse next year. Another planned deregulatory move is expected to go forward, ending the dissuasive noninterest-bearing deposits banks have to make with the central bank if their lending exceeds a fixed ceiling based on the lending they did in the previous period. This complicated procedure, set up to control the money supply, has hindered French bank expansion for nearly two decades. It is due to be replaced by an open-market money supply control system similar to that run by the Federal Reserve in the United States.

These changes will affect the way banks are organized in France and how they compete. Ironically enough, given that in some countries the banks are clamoring to be allowed to operate as "universal banks" on the French or German model, the trend here is likely to be in the reverse direction, toward increasing specialization, on the types of market, customer, savings or lending vehicle.

VIVIAN LEWIS, a Paris-based financial journalist, is a regular contributor to The Banker and the International Organizations Monitoring Service.

Compagnie Bancaire

Increase of the consolidated net income for the first half of 1986

	first half 1986		year to date 7/1/85 - 6/30/86	
Compagnie Bancaire Group	FF million	change/first half 1985	FF million	FF/share
• Consolidated net operating income	664.7	+ 27 %	1,198.4	
– outside stockholders' interest	305.9	+ 30 %	542.6	
– Compagnie Bancaire	358.8	+ 24 %	655.8	56
• Consolidated net income	727.5	+ 24 %	1,327.1	
– outside stockholders' interest	308.0	+ 31 %	560.9	
– Compagnie Bancaire	419.5	+ 20 %	766.2	65
Main Companies of the Group				
Consolidated net operating income				
• UFB - LOCABAIL	155.5	+ 38 %	235.5	55
• CETELEM	184.0	+ 21 %	315.4	83
• UCB	187.0	+ 17 %	294.6	42
• LOCABAIL IMMOBILIER (financial income)	84.7	+ 2 %	159.6	64
• SINVIM	7.4	n.s.	16.2	13
• CARDIF	43.2	+ 76 %	67.0	53

Compagnie Bancaire Group	FF billion	
• New business	21.8	+ 13 %
• Outstanding loans and leases (as of June 30, 1986)	109.2	+ 10 %

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The CNT has played an essential role in the investments of the Telecommunications branch of the French P et T since 1974.

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Smart Cards and Minitel

Electronic Banking Brings Shake-Up, Innovations

By Dinah Louda

PARIS — Last month, private-account holders at the Crédit Commercial de France (CCF) began conversing with their bankers electronically from their homes as easily as if they were meeting at the bank's head office on the Champs-Elysées.

With this innovation in French banking technology, customers and their bankers will be able to leave and receive messages for one another via electronic mail.

A nearly overdrawn account holder will even be able to delay a regularly scheduled monthly payment for a few days after an unexpectedly expensive weekend trip, or manage a revolving credit line. Companies will have even more exciting new opportunities: for example, to do all their financial transfers and transactions from their office.

For CCF's 140,000 clients who already bank electronically, the new system is a major breakthrough. Until now, the CCF service, which had been provided free since it began in 1983, was passive in the sense that users could mainly look at their banking statements and check the value of their investment portfolios by calling up the information on their screens of Minitel, the government-promoted videotex that brings data via phone lines to home screens and keyboards.

"The start of interactive electronic banking can destabilize the banking system creatively, forcing usually stuffy bankers to become more innovative in inventing new products and services to beat the competition for customers," said René Riffard, director of CCF's Videobank.

The CCF will charge for the new service.

French banking is the nation's leading sector in computerization. "Banking is far ahead of industry and the service sector generally in adopting new technology, such as automatic cash tellers, microchip credit cards or even PCs" said Jean-René Lyon, head of computer research at Crédit du Nord.

"We've installed 4,000 PCs for 9,000 employees and are aiming for one per person in the next two years. We're ahead because we were lagging behind and jumped a generation of technology to catch up; but the other, larger French banks are moving in the same direction," he added.

Electronics and other high technologies are both the cause and the cure for a long-overdue shake-up of France's bloated banking system. Many bankers see technology as the core of their attempt to reorganize in order to survive in a more open, global environment.

During the boom years of the 1960s, France developed some of the world's largest banks, most of which exuberantly opened hundreds of branches all over France and abroad. Overstaffed and undercapitalized, the whole sector is going to suffer many casualties as competition takes its toll, French banking officials say.

"Electronic banking from home will make it unnecessary for banks to maintain branches on every street corner and free banking staff to concentrate on their real business: providing high-quality services such as individual asset-management and portfolio investments,'" said Philippe Schweitzer of the Crédit du Nord.

Pierre Barberis, director-general of the same bank, added: "In a major change, French bankers have realized in the last few years that banking is a service industry and technology is part of the service."

Traditionally, French banks, like most of their European competition, have been able to make steady profits with their traditional business of taking long-term deposits and earning high interest on their depositors' money. That profitable setup is under pressure, partly from the competitive challenge of deregulatory moves in the United States, Britain and, increasingly, Japan.

"Banks in France have been making money by playing on float time," said Edouard de Lencquesaing of CCF, referring to delays during transfers when banks are able to lend money being processed for a few days at high overnight money rates. "With the spread of new electronic payment techniques, this will no longer be possible, so banks will have to invent new ways of pricing."

"So far there has not been any truth in pricing or real competition based on value for money for customers. Now banks will start charging people for checks and other services they didn't pay for before, and stop charging them —for example, by delays in processing their payment — for things they didn't realize they were paying," Mr. de Lencquesaing said. He added: "Psychologically, it's going to be a hard change to sell."

But the change is inevitable, especially as denationalization of French banks and the inroads of foreign ones intensify competition for depositors and other customers, most bankers agree.

At the heart of this switch to a service concept of banking is new technology — or rather technologies, mainly the smart card and the Minitel system. These customer facilities are the counterpart for private customers of the introduction of heavy-duty, data-processing equipment for rapid, complex currency trading in the banks' backrooms.

The smart card — a new kind of plastic credit card that incorporates a microchip to make it tamperproof, opening the way to interactive remote banking — has the psychological impact of helping drive the French to use credit cards instead of relying, as they have done even to buy movie tickets, on their checkbooks.

"France lags way behind other nations in using credit cards, and we're leaping the gap by introducing the most advanced technology, the smart card," said Jean-François Guthmann, a Treasury official.

The smart card is being actively promoted by the French government as a universal credit card. Some day it will even be used instead of coins in phone booths for local calls. Electronic credit cards will save banks the cost of processing billions of checks; and bankers say its main advantage ultimately may be its greater protection against an expected surge in credit card fraud.

"Everyone agrees that the protection against fraud far outweighs the investment costs of installing the new smart card network," said Sophie Tacchi of the Banques Populaires association, which has helped launch the country's first smart card network in Rennes, in western France.

It will cost more than one billion francs ($150 million) to install the card machines and electronic recognition terminals in the country. This is a big investment for banks that already see their profits dwindling. To cope with the cost, French banks have imposed a condition of making all banks participate before any one starts — and gets a potential lead.

Although some experts, notably Mr. Riffard of CCF, believe that one can protect electronic transactions in other, cheaper ways, the French commitment to the microchip card is irreversible.

But the smart card's arrival has intensified competition, allowing retailers to shop between banks (since the cards are all compatible) and to force down commissions.

"The challenge will be for innovative French banks to develop new services with the card that cement customer loyalty, like customized charge plates, and create new sources of revenue," said Miss Tacchi.

The other most spectacular technological innovation in French banks' consumer services is Minitel. Of the nearly two million Minitels installed free by the PTT, the government-run postal authority, 300,000 are regularly used for banking transactions.

"With our 2,000 Minitels, I was able to consolidate and distribute stock market data throughout our network 10 times faster and 100 times cheaper than I could if I had to operate in a country where the government did not provide these terminals," said Louis-Noël Joly, technology manager at the Société Générale.

Other bankers also have evidence of how Minitel helps them rationalize their data flows, even if, in the longer term, "banks will integrate Minitel's function into their computer terminals," as Crédit du Nord's Mr. Lyon suggested.

But many French banks agree that Minitel has enabled them to offer their customers sophisticated new services cheaply. For very complex financial transactions involving large companies, it may not be ideal.

"Our clients have sophisticated microcomputers and want sophisticated service. Minitel is not for them. It's fine for private use, but it's not a tool for professionals," said Geoffroy de Tilly-Blaru, deputy director of Financière Saint-Honoré, a subsidiary of the Compagnie Financière, which has taken a lead in electronic cash management techniques for an upmarket clientele.

Nonetheless, Minitel-based financial services are booming. In sheer numbers, most Minitel terminals in banking use are employed by individual depositors consulting — and now operating — their own accounts. But the most profitable part of the Minitel revolution in French banking concerns corporate accounts, including products designed especially for treasurers.

"We have the profits to show for it," said Christian Magne at Crédit du Nord.

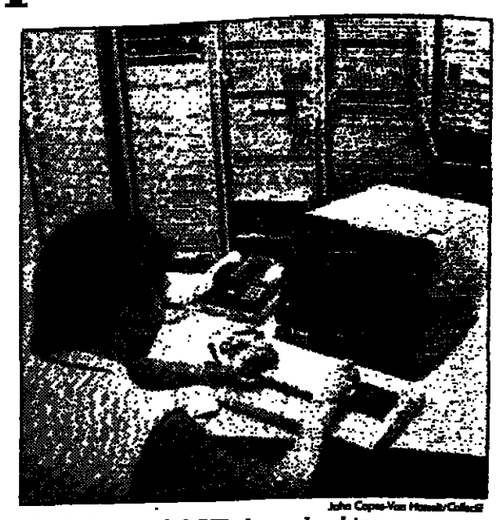
The debate over short-term profits is still open among French banks, but the decisive role of innovative technology seems beyond dispute.

For several years, the French people have been demanding that the banks cut the price of banking services, said Mr. Barberis. Technology is part of the answer, despite the heavy investments that will weigh on banks' balance sheets for the forseeable future.

"But the choice is made," he said, adding that the banks must now concentrate on delivering the services that the French expect from their high-tech banks.

John Coplans-Van Hasselt/Collectif

A couple checks their CCF bank account through their home Minitel.



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In the heart of CCF's home banking system.

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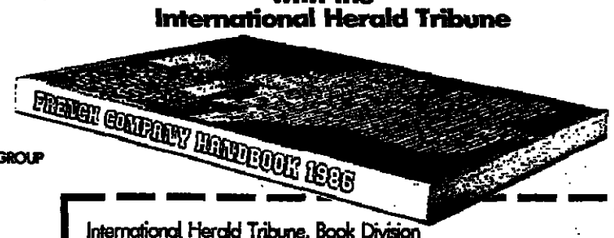

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CARREFOUR

Consolidated income for the 6-months period ending June 30,1986
(IN MILLIONS OF FRENCH FRANCS)

	6 months ended June 30, 1985	6 months ended June 30, 1986	%	86/85
Sales	20,292	23,174	+	14.2
Group share of net income	202	310	+	53.5

PERSPECTIVES FOR 1986:

The increase in income at June 30, 1986 will not be repeated in the second half of the year for which we anticipate:

— A sustained level of activity,
— A strong competitive environment,
— A decrease in the income from our investment companies.

Therefore for the whole year 1986 we expect income to increase by approximately 20%.

Decline in Franc

Continued from page 7

impact of inflation on the franc. "Low inflation is still a hangover from the oil price fall and domestic price controls. Once those technical effects have worn off, prices will rise again and that will build up pressure for higher wage increases," he said.

"I think the franc will hold its parity until the inflationary factor surfaces towards the end of the year. But the removal of exchange controls means there really won't be anything in the administrative arsenal to protect it," he added.

Finance, Economics and Privatization Minister Edouard Balladur announced last week in Nancy that France will ease its exchange controls within the next few weeks, allowing residents to hold foreign currency accounts. However, banks will not be allowed to lend francs to nonresidents, although this could occur "at the right time," he said.

> There is pressure for devaluing.

The latest liberalization measures follow the already extensive relaxation carried out since April's EMS reshuffle. Paris has abolished the requirement that companies should repatriate foreign exchange earnings within 15 days, forward cover (previously limited to the European currency unit) is now available for all currencies, and firms no longer need approval to invest abroad.

The *devise titre*, or foreign exchange premium, on the acquisition of foreign stocks by French residents has also been removed, while exporters can now retain foreign exchange receipts for three months instead of one.

The removal of exchange controls is in line with principles laid down by the European Community on the free movement of capital within the community. France no longer has to seek exemption from EC capital regulations for the first time since 1968.

It remains to be seen whether the franc can stand up to a sustained speculative attack without the protection of a panoply of exchange controls. The 5.8-percent devaluation against the Deutsche mark in April's EMS realignment was less than the 8 percent that Mr. Balladur wanted.

It also fell far short of the French-German inflation differential of 12.8 percentage points built up since the last major reshuffle in March 1983. Thus, pressure for a devaluation to boost the competitiveness of French exports in Europe has already been stoked up.

That adds to the problems posed by the underlying weakness of the trade account (it registered a 2.4-billion franc deficit in January to August despite the benefits of lower oil prices) and will foster renewed speculation of another franc devaluation in the first half of 1987.

The government will need to use all its powers of persuasion to convince the electorate that a downgrading of the franc is beyond its control.

KEN FERRIS is the editor of Euromoney Treasury Report.

ESSILOR

HALF YEAR RESULTS

1986 Half Year Highlights (In F.Fr. Millions)	First Half 1986	First Half 1985	% Change	%Change at constant foreign exchange parity
Turnover	1,635	1,627	+0.5	+10.6
Operating Income	179	189	—5.3	+ 3.1
Profit after tax	116	116	—	+ 8.6
Net cash flow	197	185	+6.6	+15.7

SUSTAINED PERFORMANCE . . .

- In the first six months of 1986, Essilor Group turnover grew by over 10% (excluding impact of foreign exchange translation), as our accelerated investment program began to bear fruit.
- The Group again improved or consolidated its already strong positions on most markets.
- As foreseen, profitability remained satisfactory, with net profit/turnover at June 30, 1986 stable at around 7%.

AND CONTINUED STRONG INVESTMENT . . .

- 1984-1986 Group Investment has totaled one thousand million French Francs, mainly aimed at automating installations and modernising equipment.
- Other investments include the acquisition of controlling interest in Angénieux, the leading French manufacturer of zoom lenses and wide aperture optics, in Domilens, an emerging French manufacturer of intra-ocular lenses, and in Sadop, our former Brasilian distributor.

PROVIDE THE GROUP WITH ATTRACTIVE PROSPECTS FOR THE FUTURE.

- Outlook for the second half is promising on most markets, as Essilor's added value more than compensates for currently sluggish market conditions.
- In the short term, we will hold our chartered course for sustained growth. After allowance for currency translation, this should lead to moderate increases in turnover and stable after tax profit.

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EUROBONDS

Rising U.S. Jobless Rate Was Good News for Some

By CARL GEWIRTZ
International Herald Tribune

PARIS — Bond markets got a shot in the arm last week with news that the U.S. jobless rate rose last month. Such signs of sluggishness encourage the view that interest rates are bound to decline further. That is welcome news for bond dealers, who immediately marked up prices.

But whether this is enough to get investors off the sidelines and into a buying mood remains to be seen.

Investors are jittery. They are unsure how durable any decline in dollar interest rates can be, either because of fears that the dollar could crash in the foreign-exchange market or that the easy money policy must ultimately kindle a quicker pace of inflation.

> **An increasing supply of gold-related paper is getting a good reception.**

The mood of mistrust was not helped by the inconclusive results of last week's gathering of finance ministers at the International Monetary Fund and World Bank annual meetings in Washington.

Their inability to articulate a coordinated policy aimed at assuring a steady pace of international economic expansion while accommodating a reduction in the gaping U.S. trade deficit raises the specter of go-it-alone policies and ugly economic consequences.

Sowing additional confusion was the coordinated intervention in European foreign-exchange markets, driving rates up against the dollar in tandem with the appreciation of the Deutsche mark. In effect, this lowers the pressure for a unilateral DM revaluation. As all the currencies appreciate against the dollar, there is relative stability within the European monetary system.

SUCH CURRENCY appreciation does help keep down the reported levels of domestic price inflation. But many analysts say they are astounded that France and Italy, as well as Britain, which is outside the EMS, would expend their reserves this way. In effect, they are pricing their own manufactured goods out of world export markets, further slowing their own anemic growth rates, while enabling West Germany to reap all the benefits.

The best measure of just how uneasy all this makes investors feel was the increasing supply of gold-related paper coming on offer in the international capital market and the enthusiastic reception.

There were two such offerings last week. Toronto-based Barrick Resources, one of the top 10 gold producers in North America, offered $30 million of bonds convertible into gold and within hours lead manager Banque Paribas Capital Markets Ltd. was able to increase the amount to $50 million. The five-year paper carries an annual coupon of 5¼ percent.

Gold itself is a sterile investment, producing no income and expensive to keep because of storage and insurance costs, which explains the popularity of interest-bearing bonds convertible into the metal.

Anytime after the first year, holders of the Barrick paper can convert the securities into gold, or the cash equivalent. The price, to be fixed late Wednesday, is expected to be set at 22 percent over the average London afternoon gold fixing over the five days ending Oct. 8.

If the gold price fails to rise sufficiently to make that conversion profitable, investors can hold the bonds until maturity when paper nominally valued at $1,000 will be redeemed at a premium of $1,112.50. That bonus payment would be equivalent to having earned an annual income of 7¼ percent, or about what an investor would earn if the money had been used to buy an ordinary fixed-coupon Eurodollar bond.

Despite the increase in the size of the offering, the paper ended the week quoted at only a slight discount of 99½ from the expected par subscription price.

The other gold-linked offering is an equity issue, an initial public offering worth about 22 million Canadian dollars in Getty Resources Ltd. Half the stock is being distributed in North America and the remainder internationally under the aegis of S.G. Warburg.

Getty Resources, created over the summer, holds the Canadian mineral properties of Getty Oil. Texaco, which acquired Getty last year for $10 billion, is spinning off the nonoil Canadian properties. There are 39 properties in all, in various stages of development, and the largest is the Tisdale gold project, which is expected to start producing gold by mid-1987.

On sale are four million units, each of which comprises one Getty Resources common share and two warrants to buy one

See EUROBONDS, Page 13

Tokyo, Bonn Cite Progress

Bank Talks Aim To Open Markets

Agence France-Presse

WASHINGTON — High-level West German and Japanese finance ministry and central bank officials said Sunday that they made good progress in weekend talks concerning improved access for West German banks in Japan's financial markets.

The talks, conducted by Hans Tietmayer, West German state secretary for finance, and Toyoo Gyohten, Japanese vice finance minister for international affairs, covered participation by West German banks in securities trading on the Tokyo market and other disputed technical areas, including banks' access to local refinancing.

Mr. Gyohten made it clear the two countries were still far apart on a number of issues, particularly over Tokyo's demand that Japanese banks be allowed to act as lead managers in foreign-bond issues *denominated in Deutsche marks.*

West German authorities have said they will give the go-ahead for this only when adequate "reciprocity" has been achieved.

This would involve the licensing of all seven West German banks that have so far voiced interest in participating in the Tokyo securities market.

"We are not happy about the German insistence that the lead management problem cannot be solved until the notion of reciprocity is established," Mr. Gyohten conceded.

He said that with two leading institutions, Deutsche Bank AG and Dresdner Bank AG, already licensed and a third bank, Deutsche Genossenschafts-Hypothekenbank AG, about to receive its license, the Japanese side felt there was a sufficient basis for reciprocity and agreement on the lead-management question.

Four other West German banks are interested in tapping the Japanese market and are in various stages of negotiations with the Japanese authorities.

They are Commerzbank AG, Westdeutsche Landesbank AG, Badische Vereinsbank AG and BHF bank.

Mr. Tietmayer said, nevertheless, that there had been "clear progress" on these issues.

Mr. Gyohten said he was hoping for a satisfactory agreement before too long.

The two junior ministers and their aides, in Washington for the annual meetings last week of the International Monetary Fund and the World Bank, also reviewed other problems related to bilateral banking operations.

Mr. Tietmayer said he was looking forward to early liberalization of the Japanese deposit market.

He said foreign banks in Japan had been complaining about problems arising in local refinancing. Since interest rates were regulated for about 90 percent of Japanese deposits, to which foreign banks did not have access, domestic banks obtained funds at a lower cost than their foreign competitors.

A Hyundai Motor Co. assembly line. *The Washington Post*

Hyundai Is a Pronounced Success

By John Holusha
New York Times Service

DETROIT — When officials of Hyundai Motor America were preparing to introduce their automobile into the U.S. market earlier this year, one question they grappled with was the pronunciation of the name.

To make things easy for customers, they adopted an English sound that rhymed with the days of the week, as in "Sunday, Monday, Hyundai," rather different from the way Koreans say it.

As things have turned out, even if some Americans may not know how to pronounce the name, they have been buying the Hyundai Excels by the boatload.

The yen's sharp increase relative to the dollar, which pushed up the price of Japanese cars, helped make the Hyundai the single biggest-selling import model in August.

More than 100,000 Excels have been sold in the United States since the introduction late in February, and sales in August were 20,689.

Hyundai officials estimate that sales will total more than 150,000 by the end of the year, 50 percent over their own initial predictions and by far the best performance for a first-time import.

The Excel is a subcompact, front-wheel-drive, four-cylinder economy car similar in appearance to the lowest-priced Japanese cars.

Consumer Reports magazine describes it as "quite an up-to-date little car." Its list prices for the Excel's three versions, two-door and four-door hatchbacks and a four-door sedan, range from $4,995 to $6,445.

Analysts attribute the car's success to its improving price advantage over Japanese makes and the confidence that American car buyers seem to have in Asian quality.

And while the Hyundai has had good *reviews* for its performance, "the Koreans are piggybacking on the quality reputation of the Japanese," said Ronald A. Glantz, an analyst with Montgomery Securities.

"As the Japanese cars have gotten more expensive," he said "a lot of people have decided that anything cheaper that's built in Asia is better than anything built in the United States."

Hyundai officials said earlier this year that their strategy would be to price the Excel slightly below comparable Japanese cars.

But as the yen has gained strength against the dollar, the Japanese companies have raised their prices, while Hyundai held

See HYUNDAI, Page 17

Higher Quotas Urged by Saudis As OPEC Meets

Compiled by Our Staff From Dispatches

GENEVA — A call for higher oil production quotas is likely to dominate a round of OPEC talks opening here Monday, the Saudi oil minister said Sunday.

Analysts said the meeting was likely to be acrimonious, but that the result was difficult to forecast.

The Saudi minister, Ahmed Zaki Yamani, was here for a round of informal preparatory talks ahead of the OPEC conference, its fifth of the year aimed at restraining production and raising prices.

Sheikh Yamani said the issue of quotas, which has troubled the Organization of Petroleum Exporting Countries for years, would be at the center of the formal talks.

"Everyone wants a higher quota," Sheikh Yamani asserted. He said that included Saudi Arabia, the group's biggest producer, with a quota of 4.3 million barrels a day.

Kuwait also indicated that it wanted a higher quota, a stance that most Gulf producers are expected to support.

But other nations do not share that position. Algeria, Iran, Venezuela and the United Arab Emirates have said the current production limits should be extended to year's end.

And the Libyan oil minister, Fawzi Shakshouki, said the group should reduce overall output by at least one million barrels a day, in order to raise prices substantially.

Doubts about the chances of an extension of the OPEC restraints, which were agreed on at the group's last session early in August, contributed to a drop in oil prices by 50 cents a barrel at the close of trading Friday in New York.

Oil analysts there said the calls by some OPEC states for larger quotas and the allegations that some members were cheating on quotas also depressed prices.

Trade sources say that the United Arab Emirates is overproducing and that Venezuela and Libya are producing at quota but are also selling from stocks.

The OPEC countries agreed in August to limit total output to 16.8 million barrels a day in September and October. That agreement helped raise prices from less than $9 a barrel to about $15.

The Indonesian energy minister, Mr. Subroto, said here Saturday that OPEC would "continue efforts to firm up the market, and we won't do anything to undo the achievements we have made so far."

He has said that the group could consider a higher ceiling for the remainder of the year as the onset of winter in the Northern Hemisphere raises the demand for oil.

(Reuters, UPI)

Paris Is Pleased With Elf Issue

Reuters

PARIS — The French government is pleased with the response to its sale of shares in Elf Aquitaine, the state oil group, senior Finance Ministry officials said over the weekend.

Hundreds of thousands of small investors have applied to buy the equity, which was on offer through banks and brokers at a fixed price of 305 francs ($46) a share until Friday, they said.

The state is reducing its stake in Elf to just over 50 percent from its previous stake of 64.4 percent through the share sale and a capital increase.

Mexico Rescue Thrusts World Bank Into a Debt-Crisis Role

By James L. Rowe Jr.
Washington Post Service

WASHINGTON — The $12-billion rescue package of Mexico that key commercial banks agreed to last week thrusts the World Bank into a prominent role in the Latin American debt crisis.

It is a role that the U.S. Treasury secretary, James A. Baker 3d, proposed last year, when he unveiled his plan to help hard-pressed debtor nations grow while continuing to pay off their foreign loans.

The Mexican rescue package, a joint effort by official institutions and private banks, is being cited as the first test of the Baker plan.

But it is a package conceived in an emergency: Declining oil prices drained Mexican resources so fast that the nation threatened to suspend paying interest on some or all of its $98 billion in foreign debts.

"It is a plan to solve another short-run crisis, but undoubtedly will become the guidepost for a Baker initiative that is aimed at longer-run, deep-seated problems," a top bank official said.

Mr. Baker called last year on commercial banks and development institutions to help rekindle growth in debtor countries by sharply increasing their lending, thus increasing the resources the countries have to invest, import vital products and still pay their debts. The debtors, in return, were supposed to change economic policies that have slowed their growth.

The Mexico agreement, crafted by the International Monetary Fund in July and yet to be formally approved by the 500 banks that are lenders to Mexico, contains several precedents envisioned in the Baker initiative:

- Mexico agreed to wide-ranging economic reforms, including gradually opening up its inefficient domestic industries to the discipline of foreign competition; joining the General Agreement on Tariffs and Trade, the organization that regulates global commerce; and selling off state-owned enterprises.
- The commercial banks decided to lend Mexico $6 billion by the end of next year — nearly one-third of the $20 billion Mr. Baker wants banks to lend to all debtors by the end of 1988.
- The World Bank agreed to make nearly $2 billion in loans to Mexico by the end of next year — a disbursement pace far faster than the bank normally achieves.
- The package focuses on the need for Mexico to grow, and provides an additional $2.3 billion in "contingent" loans from the banks and the IMF if economic growth in Mexico does not improve fast enough or if other economic conditions, not yet specified, deteriorate.

Several bankers said privately they worry Mexico will not be able to use properly the $12-billion infusion — that it will bolster the political popularity of President Miguel de la Madrid without leading to badly needed reforms.

William R. Cline of the Institute for International Economics said that the worry is legitimate, but that the $12 billion will not even replace the $16 billion Mexico will lose this year and next because of the fall in oil prices.

The Mexican rescue effort, however, also suggests that official institutions, or at least a worried U.S. government, are willing to shoulder an increasing amount of the burden of keeping Mexico solvent after years of arguing that most of the responsibility rested with the debtors and their bank lenders.

Though more than 70 percent of Mexico's debts are to private commercial banks, half the $12 billion in the rescue package comes from official sources: the World Bank, the IMF and governments of industrialized nations.

To entice commercial banks to lend as much money as the IMF said they should, the World Bank agreed to guarantee repayment of at least $500 million of the bank loans and as much as $750 million.

"*It's a total cave-in to the banks,*" said a leading multinational financial official.

But others said the guarantees are an indication that governments are beginning to believe they will have to pay more of the costs of keeping debtor economies afloat.

The World Bank president, Barber Conable, apparently worried about setting an unhealthy precedent, said the bank does not "expect to give guarantees routinely."

But the banks made some concessions that will help Mexico and shape the terms other debtors will demand: The banks lowered their profit margin on $43.8 billion of outstanding loans from an average of 1⅛ percentage points to 1-3/16 percentage point. They also agreed to let Mexico repay the outstanding $43.8 billion in loans over 20 years.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Oct. 3	Sept. 26	Ch'ge
DJ Indus.	1,774.18	1,769.69	+0.25 %
DJ Util.	199.62	201.75	−1.07 %
DJ Trans.	811.88	784.25	+3.52 %
S & P 100	221.13	219.79	+0.61 %
S & P 500	233.71	232.23	+0.64 %
S & P Ind	258.57	256.68	+0.74 %
NYSE Cp	134.81	133.94	+0.65 %
Britain			
FTSE 100	1,560.80	1,563.70	−0.19 %
FT 30	1,234.00	1,238.40	−0.36 %
Japan			
Nikkei 225	17,240.22	17,960.98	+4.94 %
West Germany			
Commerzbk	2,009.90	1,985.10	+1.25 %
Hong Kong			
Hang Seng	2,134.80	2,034.36	+4.94 %

Source: James Capel & Co., London.

Money Rates

United States	Oct. 3	Sept. 26	
Discount rate	5½	5½	
Federal funds rate	5 11/16	5⅝	
Prime rate	7½	7½	
Japan			
Discount	3½	3½	
Call money	4 11/16	4⅝	
3-month interbank	4¾	4 13/16	
West Germany			
Lombard	5½	5½	
Call money	4.20	4.35	
3-month interbank	4.65	4.60	
Britain			
Bank base rate	10	10	
Call money	8¾	9½	
3-month interbank	10¾	10⅝	
Dollar	Oct. 3	Sept. 26	Ch'ge
Bk Engl Index	—	n.a.	—%
Gold			
London p.m. fix,$	436.00	433.00	+0.69 %

Currency Rates

Cross Rates — Oct. 3

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.263	3.257	112.83 *	34.51 *	0.1633 *	—	5.45 *	139.49 *	146.50 y
Brussels(a)	41.485	59.7325	20.743	6.331	2.9975 *	18.3525	—	25.61	26.90 *
Frankfurt	2.0095	2.888	—	30.525 *	1.4455 x	88.475 *	4.82 *	122.41 *	1.297 *
London (b)	1.443	—	2.883	9.443	1,991.00	3.2555	59.42	2.3323	222.875
Milan	1,380.75	1,989.60	692.80	211.15	—	612.25	33.341	854.58	8.976
New York(c)	—	0.6942 ≠	2.005	6.5675	1,387.50	2.2675	41.645	1.625	154.50
Paris	6.549	9.48	3.276	—	4.734 x	2.8878	15.795 *	4.0435	4.2488 *
Tokyo	154.10	221.44	76.57	23.36	11.09 *	67.88	360.81 *	94.48	—
Zurich	1.6165	2.333	81.02 *	24.74 *	0.1171 *	71.485 *	3.9066 *	—	1.0512 *
1 ECU	1.0446	0.7262	2.0846	6.8261	1,441.88	2.3854	43.2396	1.6879	160.484
1 SDR	1.2148	0.84373	2.4411	N.Q.	1,694.22	2.7491	50.5418	1.9747	187.201

Closings in London and Zurich, fixings in other European centers. New York rates at P.M. (a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (*) Units of 100 (x) Units of 1,000 (y) Units of 10,000 N.Q.: not quoted; N.A.: not available. (≠) To buy one pound: $U.S.1.485

Other Dollar Values

Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$
Argen. austral	1.06	Fin. markka	4.8825	Mex. peso	770.00	Soviet ruble	0.6768
Austral. $	1.5949	Greek drac.	133.80	Norw. krone	7.32	Span. peseta	132.55
Austr. schil.	14.11	Hong Kong $	7.8035	Phil. peso	19.50	Swed. krona	6.835
Belg. fin. fr.	41.90	Indian rupee	12.79	Port. escudo	145.50	Taiwan $	36.49
Brazil cruz.	13.77	Indo. rupiah	1,630.00	Saudi riyal	3.7501	Thai baht	26.055
Canadian $	1.3864	Irish £	0.7331	Sing. $	2.1725	Turkish lira	693.50
Chinese yuan	3.7147	Israeli shek.	1.4743	S. Afr. rand	2.2225	UAE dirham	3.7720
Danish krone	7.525	Kuwaiti dinar	0.2919	S. Kor. won	875.10	Venez. boliv.	21.05
Egypt. pound	1.26	Malay. ring.	2.6255				

£ Sterling: 1.0533 Irish £

Sources: Banque du Benelux (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

To Our Readers

Beginning today, the Monday International Bonds section is being consolidated and redesigned for easier reference. Among the changes is a new "Eurobonds at a Glance" table, which today can be found on Page 16.

New Norwegian Budget Aims To Cut Consumer Spending

Reuters

OSLO — The Norwegian government has proposed tough measures to curb consumer spending in its 1987 budget unveiled over the weekend.

Finance Minister Gunnar Berge said Sunday that falling oil prices had damaged Norway's economy but that growth in credit-backed consumer spending had unbalanced the national economy.

The Labor government of Prime Minister Gro Harlem Brundtland faces possible defeat on the budget from a center-right coalition that ruled Norway from 1983 until May this year. Parliament is due to vote on the budget later this month.

Mr. Berge said Norway's current account deficit would widen to 43 billion kroner ($5.87 billion) in 1987, its worst level in 10 years, compared with a 25.6-billion-kroner surplus in 1985. The current account measures trade in goods and services as well as interest, dividends and certain transfers.

"It is time for Norwegians to face economic reality," Mr. Berge said. "We cannot rely on rising oil prices solving the problems in our foreign economy."

Mr. Berge announced cuts in industry subsidies and a doubling of foreign borrowing to 15 billion kroner in 1987.

An accord reached before Labor took power to cut the working week by 2.5 hours had weakened Norwegian industry's competitiveness, he said.

Consumer spending, fueled by easy bank loans, grew by more than 8 percent last year and showed no signs of easing, Mr. Berge said.

He proposed a complex tax reform package to close a loophole allowing high wage earners to pay virtually no tax.

Viking Resources International N.V.
N.A.V. as at 30-9-86 $34.57
INFORMATION: Pierson, Heldring & Pierson N.V., Herengracht 214, Amsterdam.

SELECTED U.S.A./O.T.C. QUOTATIONS

	BID	ASK
Bitter Corp.	3¾	4½
GoodMark Foods	11	11⅜
MAG Holdings	3¾	4½
Mr Gasket	5¾	6
Spectradyne	16½	16¾

WITH COMPLIMENTS OF CONTINENTAL AMERICAN
These prices are as of Oct. 2, 1986

L'ORÉAL

The consolidated sales of L'ORÉAL and its French and foreign subsidiaries amounted to 9.333 billion francs in the first half of 1986.

The actual growth in sales in comparable terms, i.e. using same structure and exchange rates, was 12.2 % over the same period in 1985.

The consolidated net profit at 30 June 1986 (excluding appreciation and the repercussions of reserves for investments) was 472 million francs compared with 407 million at 30 June 1985, i.e. a growth of + 16 %.

Notice of Distribution

FIDELITY INTERNATIONAL FUND N.V.
Registered Office: Schottegatweg Oost, Salinja
Curaçao, Netherlands Antilles

To the Holders of
Registered Certificates and Bearer Certificates
U.S. $1.00 par value

Notice is hereby given that, pursuant to the Plan of Liquidation and Reorganisation adopted as of March 20, 1986, as amended, of Fidelity International Fund N.V. (the "Fund"), the Liquidators of the Fund intend to deliver on November 3, 1986 to a consignment facility of Bank van de Nederlandse Antillen (Central Bank), Curaçao, Netherlands Antilles, liquidation proceeds for the benefit of Holders of Registered Share Certificates and Bearer Share Certificates of the Fund who have not surrendered their Share Certificates to The Bank of Bermuda Limited by November 3, 1986. The liquidation proceeds will consist of ten shares of Fidelity International Fund, a Luxembourg société d'investissement à capital variable formed as part of the reorganisation, (the "SICAV") for each one share of the Fund held by a Holder.

To receive their SICAV shares, Holders should deliver their Fund Share Certificate or Certificates (with dividend coupons numbers 10-20 inclusive attached, in the case of Bearer Certificates) to the following banks:

PRIOR TO NOVEMBER 3, 1986
The Bank of Bermuda Limited
Transfer Agent for Fidelity International Fund N.V.
6 Front Street, Hamilton 5-31, Bermuda
Attention: Stock Transfer Division

FROM AND AFTER NOVEMBER 3, 1986
Bank van de Nederlandse Antillen (Central Bank)
Consignment Facility for Fidelity International Fund N.V.
Breedestraat No. 1 (P), Curaçao, Netherlands Antilles

It is suggested that Holders who mail their Certificates do so by registered mail, insured, since the risk of loss of Share Certificates will be borne by the Holder.

For further information, please contact any of the individuals listed below.

By Order of Management
Charles T.M. Collis
Secretary

Mr. Michael B. Sommerville
Fidelity Distributors International, Ltd
P.O. Box 670, Hamilton 5, Bermuda
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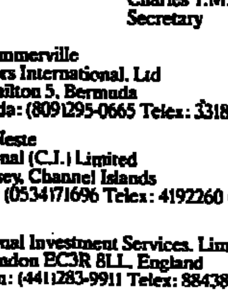

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Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01-623-1277.
Prices may vary according to market conditions and other factors.

Straight Bonds

U.S. Dollars

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
	AUSTRALIA						
$ 100	Australia	11¼	'98 Oct	112	7.68		10.04
$ 40	Australia	8¾	'91 Oct	102	8.25	7.99	8.58
$ 200	Australia	11	'95 May	113¼	8.76		9.72
$ 300	Australia	11½	'95 Oct	116¾	8.76		9.86
$ 100	Australia	11¼	'98 Oct	115	9.48		10.11
$ 100	Australia	11¼	'00 May	112¾	9.53		9.98
$ 75	Alcan Australia	8½	'89 Apr	100⅝	8.24		8.46
$ 60	Alcoa Of Australia	10	'89 Jan	101	9.52		9.90
$ 80	Alcoa Of Australia	11	'92 Jul	106¾	9.52		10.25
$ 75	Australian Ind Dev Co	11	'89 Feb	106¾	7.68		10.28
$ 30	Broken Hill Pty	8¾	'87 Apr	100¾	8.48	8.01	8.32
$ 150	Broken Hill Pty	14¾	'89 May	105¾	12.19		14.01
$ 100	Broken Hill Pty	12	'90 Jan	105¾	10.81		11.40
$ 20	Broken Hill Pty	10	'90 May	101	9.62	9.59	9.90
$ 150	Broken Hill Pty	10	'92 Dec	106	8.69		9.43
$ 40	Comalco Invest Europe	10¼	'91 Jul	101	9.96	9.84	10.15
$ 100	Commonwealth Bk Austr	12¾	'89 Nov	112¼	7.65		11.00
$ 100	Commonwealth Bk Austr	10	'93 Nov	108⅞	8.29		9.18
$ 75	Csr Limited	16	'99 Jul	117½	8.62		13.62
$ 100	Mount Isa Finance	13¾	'87 Jul	105	6.90		13.10
$ 100	Mount Isa Finance	11	'95 Dec	111	9.16		9.91
$ 50	National Austr Bank	11¼	'90 Apr	106¾	8.98		10.56
$ 140	Qantas Airways	10¾	'95 Jul	109¾	8.73		9.45
$ 97	Qantas Airways	8¾	'96 Mar	99¾	8.43		8.44
$ 100	Queensland	11¼	'89 Dec	110¾	7.59		10.21
$ 100	Queensland	8	'91 Jan	100¾	7.89		7.97
$ 100	Queensland	10¼	'95 Aug	108¾	8.78		9.43
$ 50	Rural Industries Bank	12	'91 Feb	111	8.85		10.81
$ 100	South Austr Gover Fin	8¾	'93 Mar	100¾	8.66		8.68
$ 100	State Bk New S Wales	11⅞	'90 Jun	110¼	8.87		10.32
$ 100	State Bk South Austr	10¼	'92 Feb	107¾	8.38		9.51
$ 100	State Bk South Austr	9¼	'93 Feb	103	8.68		8.98
$ 100	State Elec Com Victor	10	'92 Nov	106¾	8.53		9.37
$ 20	Tnt Overseas Finance	9	'87 Aug	100⅝	8.64	8.44	8.98
$ 150	Treasury New S Wales	11⅞	'90 May	110¾	8.18		10.60
$ 150	Victoria Public Autho	11¾	'92 Apr	113½	8.46		10.34
$ 100	Victoria Public Autho	8¾	'96 Oct	97⅝	8.78		8.56
$ 100	Westpac Intl Finance	11	'98 May	107½	8.48		10.23
	AUSTRIA						
$ 150	Austria	15½	'88 Mar	111¾	6.67		13.87
$ 50	Austria	8¾	'90 Aug	101½	8.27	8.24	8.62
$ 100	Austria	13⅝	'92 Jul	124¾	8.13		10.95
$ 200	Austria	11¼	'95 Jan	116¾	8.36		9.64
$ 102	Austria	9½	'06 Mar	104½	8.97		9.09
$ 200	Austrian Control Bank	10⅝	'90 Jun	110¼	7.38		9.72
$ 175	Austrian Control Bank	10	'91 Apr	109¼	7.59		9.15
$ 52	Austrian Control Bank	15¼	'92 Apr	128¾	8.57		11.87
$ 50	Austrian Control Bank	12	'94 Dec	120¾	8.46		9.98
$ 50	Creditanstalt-Bankver	10¼	'88 Jan	105½	7.08		10.19
$ 100	Creditanstalt-Bank X/w	14	'88 Jul	110⅝	7.59		12.67
$ 100	Creditanstalt-Bankver	11¼	'90 Jul	108	8.68		10.42
$ 75	Creditanstalt-Bankver	15½	'90 Jul	108	12.69		14.35
$ 100	Creditanstalt-Bankver	13¾	'91 May	118¾	8.88		11.85
$ 100	Creditanstalt-Bankver	8	'93 Aug	99½	8.07		8.04
$ 42	Donaukraftwerke Ag	11¾	'90 Feb	117	4.83		10.04
$ 50	Giroz Bank Searkassen	15¼	'89 Sep	118¾	7.79		12.84
$ 75	Giroz Bank Searkassen	13¼	'91 May	117¾	8.45		11.25
$ 75	Postsparkasse	12¼	'89 Apr	111½	7.10		10.99
$ 30	Tauernautobahn Ag	8¾	'87 Mar	100¾	7.50	7.49	8.23
$ 30	Trans Austria Gasline	7½	'88 Jan	98¼	8.84	8.71	7.63
$ 47	Vienna City	12¼	'92 Oct	115½	8.84		10.61
$ 50	Zentralsparka-Kommerz	11¼	'90 Feb	108¼	8.42		10.51
	BELGIUM						
$ 250	Belgium	8½	'91 Mar	102½	7.79		8.29
$ 300	Belgium	7¾	'91 Apr	99¾	7.83		7.78
	CANADA						
$ 750	Canada	14⅛	'87 Jun	105⅝	6.22		13.64
$ 500	Canada	10⅝	'88 Oct	107⅝	6.79		10.10
$ 500	Canada	11½	'90 Mar	112¼	7.38		10.26
$ 500	Canada	10	'95 Nov	110	8.38		9.09
$ 1000	Canada	9	'96 Feb	104½	8.28		8.63
$ 50	Abitibi-Price	15¾	'91 Dec	115	11.70		13.70

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 100	Deutsche Bank Finance	11¾	'87 Oct	104½	7.10		11.12
$ 200	Deutsche Bank Finance	14⅛	'89 Aug	116¾	7.72		12.16
$ 200	Deutsche Bank Finance	13½	'89 Sep	115	7.56		11.24
$ 150	Deutsche Bank Finance	9¼	'96 Mar	105	8.45		8.81
$ 110	Deutsche Bank Finance	8	'90 Jul	96¾	8.51		8.27
$ 100	Deutsche Bank Lux X/w	6¾	'91 May	94½	7.89		6.61
$ 110	Deutsche Siedlungs Bk	7½	'91 Apr	92½	8.74		8.14
$ 100	Dresdner Finance	11	'98 Apr	110	7.61		10.00
$ 100	Dresdner Finance	10½	'92 Oct	108¾	8.68		9.70
$ 100	Hessische Landesbank	8	'96 Sep	98¼	8.26		8.14
$ 125	Hoechst Finance X/w	6¾	'89 Jul	97½	7.70		6.92
$ 80	Hoechst Finance X/w	8	'93 Feb	100¾	7.88		7.96
$ 100	Mercedes-Benz Credit	7½	'93 Aug	98¼	7.78		7.61
$ 250	Siemens Western X/w	7¼	'93 Aug	102	7.05		7.60
$ 50	Thyssen Bb Finance	10⅝	'90 Mar	106	8.76		10.26
$ 70	Veba Intl Finance X/w	8	'93 Dec	100¾	7.85		7.94
$ 150	Volkswagen Intl W/w	3	'91 Aug	126	1.09		2.38
$ 150	Volkswagen Overseas	7¾	'97 May	100¾	7.21		7.23
$ 100	Westlb Finance	11¾	'90 Dec	113	8.08		10.51
	ICELAND						
$ 20	Iceland	9	'97 Feb	100¾	7.37	7.37	8.96
$ 50	Iceland	12¾	'92 Dec	107½	10.99	10.34	11.86
	IRELAND						
$ 150	Ireland	9⅛	'96 Mar	104	8.72		9.01
	ITALY						
$ 50	Consorzio Di Credito	7½	'90 Jan	100	7.48	7.47	7.50
$ 50	Enl Ente Naz Idrocar	7	'98 Jan	99	7.80	8.13	7.07
	JAPAN						
$ 100	Bank Of Tokyo Curacao	13⅞	'89 Sep	116¼	7.47		11.91
$ 125	Bank Of Tokyo Curacao	11	'90 Apr	109¾	7.68		10.02
$ 100	Bank Of Tokyo Curacao	11¾	'90 Dec	114⅛	7.79		10.41
$ 100	Bank Of Tokyo Curacao	13¾	'91 Jun	122⅞	7.61		11.07
$ 50	Chugoku Electr Power	13¾	'89 Aug	113	8.12		11.84
$ 100	Dai-Ichi Kangyo Bank	12¾	'90 Oct	114¾	7.84		10.68
$ 150	Dai-Ichi Kangyo Finan	10⅝	'90 Jul	108¼	7.76		9.58
$ 75	Export-Import Bank	12¾	'91 Jan	119	8.20		11.12
$ 100	Export-Import Bank	10⅝	'95 Jan	107	9.24		9.70
$ 100	Fuji Intl Finance Hk	10⅝	'90 May	109¾	7.85		9.57
$ 60	Hitachi Zosen	11½	'89 Mar	103	10.27	9.99	11.17
$ 50	Hokuriku Electr Power	12½	'89 Oct	112	7.88		11.16
$ 100	Indust Bank Japan Fin	10⅝	'88 Apr	106	6.65		10.26
$ 100	Indust Bank Japan Fin	11½	'89 Mar	107	8.14		10.75
$ 100	Indust Bank Japan Fin	12⅝	'90 Oct	114	7.50		11.29
$ 100	Indust Bank Japan Fin	11⅞	'91 Nov	113	8.61		10.51
$ 100	Industrial Bank Japan	10⅞	'90 Feb	103	9.75		10.56
$ 125	Industrial Bank Japan	12⅞	'91 Jul	119	8.78		11.46
$ 100	Industrial Bank Japan	10⅞	'92 Jan	109	8.80		9.84
$ 100	Industrial Bank Japan	8	'93 Jul	99⅞	8.82		8.81
$ 100	Industrial Bank Japan	10⅞	'95 Nov	112	8.77		9.71
$ 100	Industrial Bank Japan	11½	'95 May	107	10.22		10.75
$ 50	Itoh C Co Ltd X/w	7½	'89 May	101½	8.12		7.41
$ 75	Japan Airlines	11	'93 Jun	108	9.32	8.67	10.19
$ 70	Japan Airlines	12¼	'94 May	120	8.78		10.42
$ 100	Japan Airlines	13⅛	'94 Aug	122	9.12		10.87
$ 150	Japan Airlines	8¾	'96 Mar	99	8.42		8.29
$ 54	Japan Airlines	11	'97 Nov	113	9.09	8.92	9.73
$ 42	Japan Airlines	10⅝	'98 Apr	109½	9.47	9.72	9.93
$ 50	Japan Develop Bank	15½	'87 Feb	104½	2.93		14.83
$ 75	Japan Develop Bank	12¼	'89 Oct	113½	7.00		10.74
$ 130	Japan Highway Pub Co	7¾	'96 Jan	96¾	8.15		7.98
$ 30	Japan Synth Rubbe X/w	7¼	'89 May	98	8.41		7.91
$ 50	Jusco Co Ltd X/w	8	'88 Dec	99	8.48		8.08
$ 100	Kansai Electric Power	12½	'89 Oct	111	8.27		11.26
$ 100	Kyowa Finance (hk)	12⅝	'90 May	112¾	8.28		11.32
$ 100	Long-Term Credit Bank	11⅞	'89 Apr	109⅝	7.47		10.83
$ 100	Long-Term Credit Bank	11	'90 Mar	109½	7.81		10.07
$ 75	Long-Term Credit Bank	12	'90 Mar	109¾	8.76		10.98
$ 100	Long-Term Credit Bank	10⅜	'90 Jan	109⅞	7.34		9.85
$ 85	Long-Term Credit Bank	12½	'90 Sep	114	8.24		10.96
$ 125	Long-Term Credit Bank	13¾	'91 Jul	120	8.39		11.25
$ 100	Long-Term Credit Bank	8	'91 Aug	100⅝	7.80		7.94
$ 100	Long-Term Credit Bank	12⅞	'91 Nov	120¾	7.90		10.73
$ 100	Long-Term Credit Bank	12	'93 Dec	117¾	8.61		10.21
$ 100	Long-Term Credit Bank	9½	'96 Mar	100¾	9.36		9.43
$ 150	Long-Term Credit Bank	8	'96 Sep	97	8.46		8.25
$ 100	Minebea Co X/w	6¼	'89 Feb	96	8.12		6.51
$ 50	Mitsubishi Chemic X/w	11	'87 Jan	101½	4.02		10.84
$ 100	Mitsubishi Corp X/w	5¾	'88 Nov	94½	8.46		6.08
$ 100	Mitsubishi Corp	13¾	'89 Jul	112	8.29		11.83
$ 100	Mitsubishi Corp	10⅝	'90 May	109¾	7.48		9.69

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 100	World Bank	14½	'88 Sep	119⅝	4.83		12.85
$ 200	World Bank	11⅝	'87 Feb	101¾	6.90		10.41
$ 200	World Bank	10⅝	'90 Jan	110¼	7.22		9.86
$ 150	World Bank	11½	'90 Aug	113¼	7.32		10.13
$ 200	World Bank	11¼	'90 Oct	113¾	7.38		9.94
$ 300	World Bank	11	'92 Feb	114¼	7.48		9.63
$ 100	World Bank	10⅝	'93 Apr	115¼	7.78		9.44
$ 200	World Bank	12	'93 Sep	122½	7.86		9.80
$ 200	World Bank	13⅛	'94 Sep	128⅝	7.84		9.99
$ 150	World Bank	12¾	'94 Nov	125¾	7.93		9.77
$ 300	World Bank	10⅝	'95 Jul	115⅝	8.30		9.53
$ 100	World Bank	11⅝	'98 Jan	112	9.36		9.93
$ 300	World Bank	9¾	'16 Jan	104⅝	9.30		9.36
$ 300	World Bank	9¼	'16 Mar	98⅛	9.43		9.29
$ 150	World Bank	8⅝	'16 Jun	93⅛	9.24		9.17
	SWEDEN						
$ 150	Sweden	14½	'88 Dec	115	6.78		12.61
$ 200	Sweden	12⅞	'89 Apr	111⅞	7.16		11.07
$ 200	Sweden	11½	'89 Dec	111¼	7.21		10.31
$ 200	Sweden	10⅝	'90 May	110⅛	7.39		9.63
$ 200	Sweden	7	'91 Oct	97½	7.32		7.18
$ 250	Sweden	10¼	'92 Nov	110⅝	7.98		9.26
$ 150	Sweden	8¾	'94 Jul	100⅝	8.39		8.69
$ 100	Sweden	11¾	'94 Dec	115⅝	8.92		10.14
$ 200	Sweden	8¾	'96 Mar	102	8.27		8.57
$ 50	Electrolux	10½	'90 Jun	106	8.50		9.91
$ 30	Ericsson Lm	8⅞	'89 Apr	100⅝	8.56	8.21	8.46
$ 30	Ericsson Lm	9¼	'97 Sep	101	8.97	8.94	9.14
$ 100	Forsmarks Kraftgrupp	8⅞	'91 Feb	102⅝	7.83		8.45
$ 75	Forsmarks Kraftgrupp	13¾	'92 Oct	107¼	11.97	10.96	12.76
$ 40	Gotaverken	8⅝	'87 Sep	100	8.11	8.11	8.31
$ 30	Gothenburg City	8¾	'87 Dec	100⅝	8.25		8.71
$ 15	Graengesberg	8¾	'87 Oct	100¾	8.66	9.98	8.46
$ 15	Graengesberg	8¾	'89 Feb	100⅝	8.22	8.84	8.46
$ 50	Pkbanken Post-Och	13⅞	'87 Jul	104	6.49		13.03
$ 75	Pkbanken Post-Och	12	'90 Nov	109¾	10.28		11.35
$ 30	Saab-Scania	8⅝	'89 Mar	100¼	8.11		8.44
$ 125	Saab-Scania	9⅞	'91 Feb	104⅛	8.11		9.26
$ 150	Scandinavian Airlines	10⅝	'95 Nov	108¼	8.77		9.57
$ 30	Scanraff	8⅝	'90 Oct	99	9.18	9.20	8.71
$ 30	Scanraff	7½	'90 Dec	97⅛	8.21	8.85	7.48
$ 100	Skandi Enskilda Bank	11⅞	'90 Mar	108⅞	7.46		10.93
$ 30	Skf A/b	8	'87 Jan	100	7.77	7.77	8.00
$ 30	Sodra Skogsagarna	9⅝	'86 Dec	100⅛	7.51	7.29	8.40
$ 50	Sparbankernas Bank	8⅝	'89 Jan	100⅛	8.58	8.58	8.55
$ 15	Sveriges Invest Bank	7¾	'87 Nov	99¼	8.70	8.86	7.81
$ 100	Swedish Export Credit	11⅞	'87 Feb	101	7.35		10.75
$ 100	Swedish Export Credit	15½	'87 Mar	103¾	12.54		14.70
$ 112	Swedish Export Credit	14⅝	'88 Feb	110	7.06		13.41
$ 100	Swedish Export Credit	14⅞	'89 May	112	10.53	8.29	12.17
$ 200	Swedish Export Credit	8⅜	'91 Mar	103¾	7.47		8.22
$ 200	Swedish Export Credit	10	'92 May	109⅝	7.87		9.14
$ 100	Swedish Export Credit	9⅝	'93 Feb	107¼	8.11		8.97
$ 100	Swedish Export Credit	9¾	'93 Oct	103¼	8.61	8.33	8.96
$ 100	Swedish Export Credit	10⅛	'94 Feb	105⅞	9.43		10.19
$ 30	Swedish State Co	15¾	'87 Jan	103	6.57		15.29
$ 25	Volvo	8	'87 Sep	100⅛	7.39	7.38	7.94
$ 100	Volvo	7¾	'88 Aug	100⅛	7.70		7.86
$ 150	Volvo	10⅛	'90 Jan	107¾	6.89		9.70
	SWITZERLAND						
$ 25	Bca Della Sviz It W/w	4	'93 May	110½	2.38		3.62
$ 100	Credit Suisse Bahamas	10½	'89 Dec	107⅞	7.74		9.77
$ 150	Credit Suisse Bahamas	10⅝	'90 Mar	108	7.74		9.72
$ 100	Credit Suisse Bah W/w	7	'90 Jan	281	12.81		2.48
$ 150	Credit Suisse Bah X/w	7	'90 Jan	101	6.67		6.93
$ 40	Pirelli Intl W/w	6¼	'88 Jan	175¾	23.24		3.85
$ 100	Soc Gen Surveilla W/w	3	'96 Jan	115	1.34		2.61
$ 250	Swiss Bank Corp O/s	10⅛	'90 Jan	104⅛	8.89		9.51
$ 100	Swiss Bank Corp W/w	5⅛	'92 Dec	126	1.14		4.37
$ 100	Swiss Bank Corp W/w	6¼	'93 Jan	149⅝	3.01		2.69
$ 100	Swiss Bank Corp X/w	6¼	'93 Jan	92¾	7.67		6.74
$ 75	Swiss Volksbank W/w	6½	'90 Oct	167⅛	7.36		3.98
$ 200	Union Bk Switzerland	10⅞	'87 Nov	103⅝	7.34		10.39
$ 100	Union Bk Switzerland	10	'88 May	102	8.52		9.80
$ 150	Union Bk Switzerland	11	'89 Nov	101½	10.39		10.84
$ 100	Union Bk Switzerl W/w	12¼	'91 Jan	108¼	9.92		11.27
$ 100	Union Bk Switzerl W/w	6	'92 Nov	149	1.53		4.03
$ 300	Union Bk Switzerl W/w	5⅛	'93 Feb	116	2.72		4.74
	UNITED KINGDOM						
$ 75	Allied Lyons	11⅝	'91 Feb	111	8.42		10.47

Deutsche Marks

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
	AUSTRALIA						
dm 100	Australia	7	'87 Feb	100	6.84	6.84	7.00
dm 250	Australia	6	'88 Sep	101⅜	5.29		5.93
dm 250	Australia	5¾	'89 Nov	100⅝	5.70	5.65	5.74
dm 250	Australia Pp	5¾	'90 Mar	100⅝	5.49		5.71
dm 150	Australia Pp	6⅛	'90 Dec	100⅝	6.23		6.45

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 150	Soc Centr Nucleaires	7¼	'93 Jul	102½	6.85		7.07
dm 150	Soc Centr Nucleaires	7	'95 Dec	101⅛	6.81		6.91
	MEXICO						
dm 100	Mexico	7¼	'88 Jan	101¼	6.14	5.67	7.16
dm 150	Comision Fed Electric	6⅛	'88 Apr	101⅛	7.42	8.11	6.64
dm 150	Nacional Financiera	11	'90 Mar	106⅞	8.55		10.29
dm 150	Pemex Petroleos Mexic	11	'90 Feb	107⅛	8.42		10.23
	MISCELLANEOUS						
dm 100	Arab Banking Corp	8	'88 Sep	109⅛	6.11		7.34
dm 120	Ind Mirdn Dev Bk Iran	7¾	'87 Jul	100¾	7.67	7.67	7.75
dm 100	Korea Exchange Bank	7¼	'90 Nov	101⅝	7.03		7.13
dm 100	Malaysia	8¼	'90 May	103¾	7.01		7.95
dm 100	Malaysia	7½	'95 Jun	102⅛	7.14		7.32
dm 100	Mesal Finance	6¾	'90 Jan	100	6.24	6.52	6.35
dm 150	Mesal Finance	8¼	'94 Jul	105¾	7.28	7.22	7.84
dm 150	Mesal Finance	7¼	'97 Aug	102	6.98		7.11
dm 100	Trans Europ Natur Gas	8	'93 Nov	101⅛	7.47	7.48	7.86
	NETHERLANDS						
dm 300	Amro Bank	5¾	'94 Apr	98⅝	4.82		5.83
dm 200	Baxter Travenol Intl	7¼	'94 Feb	103	4.71		7.04
dm 100	Commodore Finance	7½	'92 Jan	72	15.40		10.42
dm 100	Estel (hoesch-Hoogov)	7¼	'88 Aug	102	4.64	6.38	7.10
dm 150	Hoogovens	7⅝	'95 Jan	104⅝	4.52		7.26
dm 100	Nederlandse Gasunie	8	'86 Dec	102	7.24	7.34	8.00
dm 250	Philips Gloeilamp W/w	3½	'97 Dec	121	.88		2.89
dm 100	Philips Gloeilampen	6⅞	'92 Jun	102	7.17		6.82
dm 200	Rabobank Nederland	7¾	'94 Oct	104⅜	6.28		7.84

cn$: Canadian dollar.
dm: Deutsche mark.
ecu: European currency unit.
ff: French franc.
£: pound sterling.
nkr: Norwegian kroner.
p: pence.
Pp: private placement.
W/w: with warrants.
X/w: ex warrants.
Y: yen.
Amounts in millions.
Interest paid free of tax except otherwise indicated.
Yields before tax and calculated per AISD standard definition.
Convertibles:
Figure after name of issuer is number of shares into which one bond is convertible.
Conversion price of non-U.S.$ bonds adjusted at present foreign exchange rate.
Share yields before tax on indicated dividends.

(Continued on next left-hand page)

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Marketmakers in Deutschmark Bonds WestLB
Westdeutsche Landesbank

New Eurobond Issues

Compiled by Laurence Desvilettes from information supplied by European bond traders.

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FLOATING RATE NOTES						
Okobank	$100	1991	⅛	100	—	Over 6-month Libor. Noncallable. Fees 0.35%. Denominations $100,000.
FIXED-COUPON						
Barrick Resources	$50	1991	5¼	100	99.50	Noncallable. Redeemable at maturity at 111½. Convertible into gold or cash equivalent, at a price to be set Oct. 8. Fees 2½%.
Citicorp	$200	1993	8¼	100¼	97.75	Callable at par in 1990. Fees 1⅝%.
Dansk Naturgas	$50	1991	9	101½	—	Noncallable. Redemption amount at maturity linked to the yen/dollar exchange rate, will rise if yen weakens, and fall if yen appreciates. Fees 1⅞%. Denominations $100,000.
European Coal & Steel Community	$75	1989	7	101	99.75	Noncallable. Fees 1⅝%.
Farm Credit of Canada	$100	1993	7½	100½	98.50	Noncallable. Fees 1⅞%.
IBM World Trade	$150	1993	7⅜	100⅛	99.00	Noncallable. Fees 1⅞%.
Mony Funding	$150	1996	8¼	99½	97.00	Noncallable. Fees 2%.
Outokumpu	$30	1991	9	107⅛	—	Noncallable. Fees 1⅞%.
Philip Morris Companies	$100	1991	7½	100⅜	98.75	Noncallable. Fees 1⅞%.
Shikoku Electric Power Company	$70	1993	8⅛	101½	99.50	Noncallable. Fees 1⅞%.
Denmark	DM 750	1991	5⅝	100	98.75	Noncallable. Fees 2%.
Denmark	DM 250	1993	6¼	100	98.10	Noncallable. Fees 2¼%.
Teollisuuden Voima	FF 500	2001	8⅜	99¾	98.38	Callable and redeemable at par in 1991 and 1996 when new terms may be set. Fees 1⅞%.
Banque Nationale de Paris	Y 15,170.	1996	9	100⅜	—	Coupon to be paid in New Zealand dollars, at a fixed rate of 75.30 yen per dollar. Redemption at maturity will be at par, with 80% in yen and 20% in NZ dollars.
Norway	Y 60,000	1991	5⅜	101⅛	98.88	Noncallable. Fees 1⅝%.
Procter & Gamble	Y 20,000	1993	5¼	101	98.38	Noncallable. Fees 1⅞%.
EQUITY-LINKED						
Ebara	$70	1991	open	100	96.25	Coupon indicated at 3⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Oct. 6.
ICN Pharmaceuticals	$65	2001	open	100	—	Semiannual coupon indicated at 6½ to 6⅞%. Redeemable at par in 1993 and callable at 103 in 1989. Convertible at an expected 8 to 10% premium. Fees 2½%. Terms to be set Oct. 7.
Ishihara Sangyo Kaisha	$70	1991	3¾	100	96.25	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 546 yen per share and at 155.10 yen per dollar. Fees 2¼%.
NHK Spring Company	$50	1991	open	100	97.00	Coupon indicated at 3⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Oct. 8.
Shinagawa Fuel Company	$40	1991	open	100	97.50	Coupon indicated at 3⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Oct. 13.
TDK	$150	1991	open	100	97.50	Coupon indicated at 3⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Oct. 9.
Tokai Bank	$100	2001	open	100	101.00	Coupon indicated at 2⅝%. Callable at 103 in 1991. Convertible at an expected 5% premium. Fees 2½%. Terms to be set Oct. 13.

Bond Prices Rise Sharply On Job Data

By Kenneth N. Gilpin
New York Times Service

NEW YORK — Bond prices have posted strong gains, propelled by a U.S. government report showing an unexpected drop in employment last month.

Market participants said that most gains, and the bulk of trading, took place on Friday morning following the Labor Department's release of its September unemployment report. The report, which showed that the overall jobless rate

U.S. CREDIT MARKETS

rose to 7 percent last month, from 6.8 percent in August, was taken by traders as a sign that inflation would remain quiescent.

By late in the day, prices of most government securities were up by half a point or more. Short-term interest rates were down sharply.

The Treasury's bellwether 7¼-percent, 30-year bond, which has sputtered lately, rose by more than a point on Friday, to a close of 96-21/32, to yield 7.52 percent. The price of the government's five-year, 6½-percent notes rose by slightly less than a point, to 98-29/32, to yield 6.72 percent.

Meanwhile, rates on three-month Treasury bills dipped by 15 basis points, or hundredths of a percentage point, to 5.06 percent bid. Late in the day, six-month bills were bid at 5.16 percent, down 22 basis points on the day. And one-year bills were bid at 5.27 percent, down 23 basis points.

Most market participants, who consider the monthly unemployment figures to be an important indicator, had expected the September figures to show little change from August.

U.S. Consumer Rates

	Oct. 3
Passbook Savings	5.50 %
Tax Exempt Bonds Bond Buyer 20-Bond Index	7.19 %
Money Market Funds Donoghue's 7-Day Average	5.44 %
Bank Money Market Accounts Bank Rate Monitor Index	5.61 %
Home Mortgages, FHLB average	10.85 %

Source: New York Times.

WORLD STOCKS IN REVIEW / *Via Agence France-Presse*

Amsterdam

Stock prices fell early in the week in Amsterdam but recovered slightly in response to scattered bargain hunting, stockbrokers Kempen & Co. said.

In a basically trendless market, the financial sector weakened, with the insurance firm Aegon reaching new lows for the year on rumors of losses in the United States.

Kempen said that in coming weeks it may be difficult for the market to generate much momentum. But as the Dutch economy appears especially sound, long-term prospects for Dutch stocks are nevertheless favorable, particularly those in consumer-related businesses, the company said.

The ANP-CBS General Index last week moved from 279 to 280 on Friday, after dropping to 274.6 and 276.4 on Monday and Tuesday.

Total turnover stood at 3.964 billion guilders, against 4.047 billion the previous week.

Frankfurt

The Frankfurt stock exchange turned in a strong performance last week, with the Commerzbank index rising 24.8 points to 2,009.9.

The volume of transactions reached 2.152 billion Deutsche marks from Sept. 29 to last Friday, up from 1.982 billion the previous week.

Nixdorf, in the electronics section, announced a capital expansion offer on Friday, sending share prices up 12.50 DM to 736, an increase of 30 for the week as a whole.

Gains among automobile companies varied from 15 DM for BMW and 16 for Daimler to 21 for Volkswagen.

Hong Kong

The Hang Seng Index put on 100 points last week amid a persistent bull run on the Hong Kong stock market that pushed the index to five successive record highs and a close Friday of 2,034.36.

The Hong Kong Index gained 66 points, finishing the week at 1,346.56. Turnover was a handsome 950.6 Hong Kong dollars.

The Hang Seng rocketed Wednesday on reports that an Australian conglomerate, Bond Corp., was considering buying the residential portfolio of a top local property company, Hong Kong Land.

The sale, for more than 1.4 billion Hong Kong dollars ($179.4 million) was confirmed Thursday.

Brokers said the transaction was welcomed by investors who saw it as a vote of confidence from a major foreign investor in the future of Hong Kong. Hong Kong Land put on 50 cents over the week to 7.20.

London

The uncertain outlook for the pound and interest rates continued to dampen enthusiasm on the London Stock Exchange last week.

The Financial Times Industrial Share Index closed down 4.4 points on the week at 1,234. But the volume of transactions rose from 99,862 to 108,086.

Government stocks, or gilts remained dull as the pound established new lows against a basket of currencies, despite persistent intervention by the central bank.

Gold mines, in contrast, saw a late rally as the bullion price soared to its highest level for four years on fears that South Africa might retaliate against U.S. sanctions by restricting exports of precious or rare metals.

Among companies reporting last week, cement makers Rugby Portland Cement and overseas traders Inchcape turned in better-than-expected half-yearly profits.

In its monthly economic bulletin, Lloyds Bank forecast a "bloodbath" after deregulation on Oct. 27 that is known as the "Big Bang," with some financial institutions being severely hurt or disappearing.

Milan

Shares inched forward in Milan last week as investors generally kept on the sidelines because of negative indications from abroad.

Volume was sharply lower, with 153 million shares traded against the previous week's 235 million. The value of shares traded totaled 940 billion lire.

The COMIT index gained a slim 0.34 points after irregular progress through the week to close Friday at 750.74.

Montedison shares ended the week with a 1.49-percent gain, thanks to an 8.9-percent jump Friday, partly on news that the group's president, Mario Schimberni, had walked out of a meeting with insurance company Fondaria.

Mr. Schimberni has clashed with several Montedison shareholders, including the Mediobanca group, over a bid to take over Fondaria.

Fiat ordinary shares fell 3.61 percent, and preferred shares 6 percent, under selling pressure from abroad, mainly because of rumors that the group had difficulties in its recent buy-back of stock owned by Libya.

Paris

The Paris Bourse, reflecting the caution that has lately characterized investors, was stable last week, with the CAC index moving from 386.4 the previous Friday to 384.9.

The value of shares traded was slightly higher at 43.28 billion francs, compared with the previous week's 43.02 billion.

The outcome of the World Bank and International Monetary Fund meeting, and the absence of any apparent decision to lower interest rates, had little effect on trading.

But dealers were still said to be hoping for rate cuts in the United States and West Germany, noting that one West German banking official said a drop in the discount rate charged by the Bundesbank could not be ruled out between now and the end of the year.

Analysts noted that Perrier and sugar manufacturers Beghin-Say were well supported and that foreign investors were much in evidence.

Singapore

The stock market lost ground in Singapore last week as dealers reacted to the Promet group going into receivership and to continued bearish sentiment from Malaysia.

The Straits Times Industrial Index lost 5.79 points over the week to 816.15. Average daily turnover dropped to 15.5 million units, worth 31.8 million dollars, from the previous week's 15.9 million units, worth 32.7 million dollars.

The Promet news and further poor results from Malaysian company were exacerbated by the mid-year interim report of Singapore's national shipping line, NOL, which posted its worst-ever pretax loss of 40.9 million Singapore dollars.

Block buying on behalf of U.S. and European investors partly countered losses by midweek.

But analysts said Malaysian stocks were likely to come under selling pressure should there be further adverse developments, although optimistic forecasts for Singapore companies' third-quarter results could shore up sentiment in the weeks ahead.

Tokyo

Share prices plummeted on the Tokyo stock market last week despite the start of a new business year for securities firms last Wednesday.

The Nikkei average, a 437.53-yen winner the previous week, suffered a 720.76-yen setback to close at 17,240.22 Friday. The heavy loss was due largely to a 545.26-yen plunge Thursday.

Trading was active with an average daily turnover swelling to 1.075 billion shares from the previous week's 915 million.

Share prices usually go up in the first week of October as securities firms issue buying orders, market analysts said. But after a mixed start Monday, the market declined on massive selling orders from foreign investors and profit-taking from corporate and individual participants.

The Nikkei average recovered 221.09 yen Friday as some investors bought at decline.

Dealers were uncertain whether the plunge was merely a temporary adjustment.

Some analysts said there were still many institutional investors with huge excess funds, who have stayed on the sidelines in recent weeks because of an unusual trading pattern centered on a handful of giant-capital stocks.

Zurich

Prices registered a modest gain on the Zurich stock exchange last week, with the Crédit Suisse index moving from 516 the previous Friday to 523.6. The Société de Banque Suisse index rose from 628 to 635.6.

Among banks, the tendency was irregular, with Union de Banques Suisses gaining 140 points to 5,790 while Crédit Suisse was down 25 points to 3,625.

Finance companies were generally weaker, with Oerlikon-Bührle bearer shares down 90 to 1,470. Motor Columbus, however, rose 50 points to end the week at 1,925.

Dealers this week expect an increase in the volume of transactions following a procedural modification.

The quotation of 25 of the most active issues will take place continuously over a period of three hours. Until now, quotations have been made sector by sector in two installments, a system that will be maintained for small companies.

EUROBONDS: *U.S. Jobless Rate Was Good News*

(Continued from first finance page)

additional share. The package is to be priced Monday, and is expected at around 5.50 dollars. Payment is to be made on Oct. 21. The shares will quoted on the Toronto Stock Exchange and Warburg will make a market in the shares in London.

Also coming up on the Euro-equity market (not related to gold) is 15 percent of the shares being sold in Commercial Credit Co. This finance company is being spun off by Control Data, which will continue to hold 20 percent of the stock. Sanford Weill, former president of American Express, has been named chief executive of CCC.

In all, 38 million shares are being sold, mostly in North America. Credit Suisse First Boston, which is arranging the international sale of 5.7 million shares, estimated the offering price to be set next month will be in the range of $21-$24.

In the bond market, only one of last week's issues could be called a success, IBM World Trade's $150 million of seven-year notes carrying a coupon of 7⅜ percent. They were priced at 100⅛ to yield, at the time of launch, 59 basis points, or just over half a percentage point, more than comparably dated U.S. Treasury paper.

The uniform reaction was that this was a reasonable spread for an issuer whose name is magic with investors. According to data collected by Credit Suisse-First Boston, Eurodollar bonds with a five-year life last week traded at 75 basis points over the Treasury curve, while 10-year Eurodollar bonds were at 86 basis points over the curve.

The IBM notes ended the week at 99, a modest discount and comfortably inside the 1⅞-percent commission paid to underwriters, a rare event these days. The proceeds of the issue were swapped into French francs, but lead manager Banque Nationale de Paris gave no indication how much IBM saved by raising francs this way instead of through a direct issue in that currency.

The European Coal and Steel Community's three-year issue of $75 million of 7-percent notes was priced at 101 to yield 44 basis points over the Treasury curve and ended the week trading at a discount just about equal to the fees paid to underwriters.

But there was not much demand for the other issues, particularly those with a maturity longer than five years.

TVO, a Finnish power company, sold 500 million French francs of extendable bonds. The paper bears a coupon of 8⅜ percent for the first five years, at which point holders can request redemption or the issuer can set a new coupon. The process gets repeated in 1996. Lead manager Crédit Commercial de France said the terms attracted domestic investors.

At the moment, there is not much foreign demand. A widening disparity between short-term domestic money costs and those on Eurofranc deposits signals that there is speculation on a devaluation of the franc against the Deutsche mark in the European monetary system. The domestic cost of one-month money is 7 7/16 percent, compared to 9⅛ percent on Eurofrancs. Under normal conditions there would be no more than ¼-point difference between the two rates.

The continued strength of the mark against the dollar, which dipped below the important barrier of 2 DM on Friday, found little resonance in the DM-bond market. Denmark's 750 million DM of five-year notes priced at par with a coupon of 5⅝ percent fared better than its companion 250 million DM of seven-year, 6¼-percent bonds.

The currency speculation is not spilling into the bond market, bankers say, because the DM liquidity is being placed in short-term bank deposits that carry no capital risk.

Nor was there any rush to buy the Euroyen bonds. Norway's big 60-billion yen issue fared better than Procter & Gamble's 20-billion issue because of the shorter five-year maturity and investors' preference for sovereign names. BNP's dual currency yen-New Zealand dollar issue was essentially a private placement designed for a specific Far East investor.

The plummeting of prices on the Tokyo Stock Exchange and the continued reports that foreign investors have switched from net buyers to net sellers of Japanese stocks have not stopped the flow of Eurobonds with warrants to buy Japanese shares. But bankers lament that there is no demand, and the issues all traded at substantial discounts last week.

The exception was a convertible bond for Tokai Bank. Convertibles over the long haul have proved very profitable for investors and in this case, with Tokai trying to make a name for itself in the international market, it is assumed that the bank will not allow its bond to be an exception. Its $100 million of 15-year bonds, expected to carry a coupon of 2⅜ percent, ended the week at 101.

One surprise last week was the paucity of floating rate notes: Only one small $100-million issue was launched. Analysts at Salomon Brothers suspect the market is fatigued from the $17-billion worth of dollar floaters launched during the third quarter, a record three-month volume. During that period borrowing rates were pushed down to the London interbank bid rate and lower, too low for the taste of many investors.

EUROPEAN COMMUNITY

Japan Trade Unresolved

By Steven J. Dryden
International Herald Tribune

BRUSSELS — Mixed results in the latest trade talks between the European Community and Japan could prod the EC to take action against Tokyo in the General Agreement on Tariffs and Trade, according to community officials.

The EC Council of Ministers will decide later this month whether to ask for the creation of a GATT panel to consider the issue of Japanese barriers to European alcoholic beverage imports.

The issue was one of two trade problems discussed in Tokyo last week by Japanese officials and EC representatives. American and Canadian officials also took part in the talks on liquor imports, which were part of a multilateral consultation process under GATT, a negotiating body for world trade.

The Japanese said that as part of a reform of their fiscal laws next spring, action could be taken on heavy taxes that penalize European wine and liquor imports.

Community officials said that while they were pleased that Japan had dropped its previous opposition to reforming the alcoholic beverage tax, it remained unclear how the tax regulations would be changed.

In addition, the Japanese were unable to promise immediate action on the claims of better safety that Japanese ski manufacturers make for their products.

The manufacturers say that snow conditions in their country require skis specially made for Japanese slopes.

The claim has angered European ski makers, whose products, along with European alcoholic beverages, are among the few foreign consumer items with competitive appeal in the Japanese market.

Agreement on Textiles Made With Hong Kong

The community has concluded a new textile agreement with Hong Kong after three months of difficult negotiations.

Hong Kong won increases of up to 1 percent for "sensitive" exports to the EC, which include blouses, shirts, pullovers, T-shirts and cotton and synthetic threads.

Hamish MacLeod, the chief Hong Kong trade negotiator, said the agreement was not all he hoped for but a step in the right direction. He attributed the concessions to recognition of Hong Kong's liberal policy toward imports.

The value of Hong Kong's shipments of clothing and textiles to the community is larger than any other community supplier, exceeding 2 billion European currency units ($1.9 billion) in 1985.

Further Cuts in Quotas For Milk Are Possible

Frans Andriessen, the EC agricultural commissioner, has indicated that he may propose additional reductions in milk quotas to control the community's huge dairy surplus.

After an informal meeting of EC agriculture ministers, he said that the quota system adopted in 1984 was insufficient and that cuts approved for this year and 1986 might need to be supplemented.

Farm ministers agreed earlier this year to implement a 2-percent reduction in the milk quotas in April 1987 and a 1-percent cut in April 1988.

At the end of the summer, EC figures showed a record 1.35 million tons of surplus butter in storage, and 988 million tons of powdered milk.

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International Bond Prices

(Continued)

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 100	Eurofima	5½	'88 Feb	100⅝	5.18	5.03	5.48
dm 50	Eurofima	4½	'88 Mar	105¾	3.71	2.53	4.27
dm 80	Eurofima Pp	5½	'88 Nov	99¾	5.62	5.73	5.51
dm 100	Eurofima	6½	'89 Feb	100⅝	6.12	5.86	6.45
dm 100	Eurofima	7½	'90 Jul	104⅝	6.16		7.19
dm 100	Eurofima	8⅛	'90 Oct	105¾	6.45		7.68
dm 100	Eurofima	7½	'91 Mar	104⅝	6.32		7.19
dm 100	Eurofima	10¼	'91 Nov	108¾	8.08		9.43
dm 100	Eurofima	9	'92 Apr	108½	7.07		8.29
dm 100	Eurofima	7¾	'92 Jul	106	6.47		7.31
dm 180	Eurofima	7⅝	'94 Mar	107¾	6.56		7.11
dm 200	Eurofima	6¼	'96 Jan	99¾	6.28		6.27
dm 150	Eurofima	6⅛	'97 Sep	100	6.37		6.38
dm 100	International Fin Pp	6½	'92 Nov	101¼	6.37		6.51
dm 100	International Fin Pp	6⅛	'96 Apr	99¼	6.48		6.14
dm 100	Inter-American Dev Bk	7	'87 Jan	100	6.82		7.00
dm 100	Inter-American Dev Bk	6¼	'88 Jan	100	6.22		6.25
dm 100	Inter-American Dev Bk	8	'88 Feb	101⅝	6.84		7.89
dm 50	Inter-American Dev Pp	8	'89 Jul	105⅝	5.78		7.57
dm 150	Inter-American Dev Bk	9¾	'90 Jul	110⅝	6.47		8.80
dm 100	Inter-American Dev Pp	8½	'91 Feb	105¾	6.51		7.93
dm 100	Inter-American Dev Bk	10	'91 Mar	114⅝	6.67		8.71
dm 200	Inter-American Dev Bk	7⅝	'91 Apr	104⅝	5.98		7.26
dm 100	Inter-American Dev Bk	10¼	'91 Nov	115½	6.58		8.87
dm 150	Inter-American Dev Bk	9	'92 Apr	110⅝	6.48		8.13
dm 200	Inter-American Dev Bk	8¼	'92 Jul	109⅝	6.22		7.53
dm 150	Inter-American Dev Pp	7⅝	'92 Nov	101⅝	7.31		7.51
dm 250	Inter-American Dev Bk	7⅛	'92 Nov	104	6.31		6.85

Further Deutsche mark listings (Inter-American Dev Bk, World Bank, World Bank Pp, Sweden, Switzerland, United Kingdom, U.S.A. issuers) and the listings under Pounds Sterling, French Francs, Norwegian Kroner, Euro-Currency Units, Canadian Dollars, Japanese Yen and Zero-Coupons: [illegible]

French Francs

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
ff 100	Banl Transatlantica	7½	'87 May	91½	24.53	24.54	8.20
ff 50	Bass Charrington	7½	'87 Aug	99¼	8.42	8.42	7.56
ff 50	Bat Intl Finance	7½	'87 Nov	99¼	7.71	7.82	7.52
ff 100	Charter Consolid O/s	7½	'87 Oct	99¼	8.04	8.04	7.54
ff 100	Chemin Lelarge	7½	'87 Jul	99¼	8.32	8.32	7.55
ff 100	Denmark	7½	'87 Sep	99¾	7.92	7.92	7.53
ff 175	Elb Europ Invest Bank	7½	'87 Mar	99½	7.85	7.85	7.39
ff 150	Euratom	8¾	'87 May	99¼	10.60		9.81
ff 250	Euratom	11¼	'89 May	111½	9.48		10.09
ff 150	Gaz De France	7¼	'87 Mar	99¼	7.72	7.72	7.27
ff 100	Oslo City	9¼	'87 Feb	99½	11.80	11.01	9.30
ff 175	Peugeot-Citroen	7½	'87 Aug	99¼	8.26	8.26	7.55
ff 100	Pont-A-Mousson	7½	'87 Mar	99¾	8.81	8.84	7.38
ff 100	Renault	7½	'87 Apr	99¼	8.34	8.35	7.54
ff 100	Rhone-Poulenc	9¼	'87 Apr	99½	10.02		9.77
ff 125	Solvay	7¼	'87 Jun	99¼	7.73	7.73	7.28
ff 150	World Bank	[illegible]					

NASDAQ National List

OTC consolidated trading for week ended Friday. Oct. 3

Sales in 100s, High, Low, Last, Net Ch'ge.

A

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
AA Imp			28	4¾	4½	4¾	
AC Tel			31	4½	4¼	4½	
ACS Ind			8	3⅝	3⅝	3⅝	
ASDR			1339		¼	¼	—
AbingS			55	8½	8½	8½	
Acaptin			257	9¾	7½	8⅞	+1⅛
Adapt			633	10½	9¾	10½	+ ⅜
Adelph			359	15	14¼	14¾	— ¼
AdobSy			204	17½	17	17¼	+ ¼
AdvRos			71	5¾	5⅜	5¾	+ ⅛
AdvInst			65	3	3	3	
AdvaSy			7866	5⅞	5½	5¾	
AeroS pf			10	13¼	13	13	— ¼
AerS wt			288	⅝	½	⅝	+ ⅛
AerS un			139	14¼	14	14¼	
Alden	.25e	4.3	39	5⅞	5¾	5¾	+ ⅛
AlexEn			149	1⅛	1	1	— ⅛
AllATV			871	6¼	4¾	6	
AllSea			241	1	⅞	1	+ ⅛
Aloette			83	9½	9½	9½	
AloSchr			17	17	16½	17	+ ½
Amribc			39	17	16½	16¾	— ¼
AmAgr	.40a	2.0	18	30½	30½	30½	
AComDv			47	1½	1⅜	1½	
ACont pf	3.44	13.5	49	25½	25½	25½	
AFn pfD	1.00	9.6		10⅜	10¼	10⅜	+ ⅛
AFn pfE	1.00	10.0		10	10	10	
AFn pfF	1.80	10.6	5	17	17	17	
ALnd un	1		60	8¾	8½	8½	— ¼
AmLrn			1	8	8	8	
AMidl wt			3708				
AMidl wt			1816	⅛	⅛	⅛	
ANtPt s			33				
AmPac			36	1¾	1¾	1¾	
AmPosg			527	2¾	2½	2½	— ¼
ARecr s	.12	1.7	216	7¼	7¼	7¼	
AmtyBk			126	11¼	10¾	10¾	— ½
Ampol pf	.32	6.1	22	5½	5¼	5¼	— ¼
AngSA	.63e	4.4	1408	14⅞	14¼	14⅜	— ⅜
AngAG s	.55e	7.4	3959	7	7	7	+
ApldClr			738	⅞	¾	⅞	+ ⅛
AtristG			58	2½	2½	2½	
Arus			300	1⅝	1⅝	1⅝	
Aryt un			149	6¾	6¼	6¼	— ½
Asbestc			244	9½	8¾	9	— ½
ASEA s			513	49½	47¾	49	+ ½
AspR un			10	4	3⅞	3⅞	— ⅛
Aircoa	.14e	1.7	20	8¼	8	8¼	+ ¼
AsdMtg			18	1⅞	1⅞	1⅞	
Astrdy			60	2	1⅞	1⅞	— ⅛
AtlnBco			82	13	12½	12½	
AutoFr s			6	2¼	2¼	2¼	— ½

B

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
BKLA				7⅝	7⅝	7⅝	+ ⅛
Bacardi	1.28	3.7	53	35	35	35	
Badger	.72	3.0	9	24	24	24	
BncO pf	5.50	6.5	17	85½	85	85	— ½
BcOkl pf	1.871		4	8½	6½	7	—1½
BnTx cv			60	3¼	3⅛	3⅛	— ⅛
BkLeu			91	21	21	21	
BkNH s	.72	2.6	80	28	27½	27¾	— ¼
BkSFr			129	9½	9	9½	+ ½
BkStd			186	12¾	11¾	12¼	+1¼
BnkgCtr			3074	12¼	11⅞	12¼	+ ¼
BkMid pf	1.871		103	9	7	8	—1½
BaryJw			1796	11¼	9½	9½	—1½
BsTnB			11	8¾	7¼	8¾	+1½
BaukNo	1.00	8.3		12	12	12	
Beaman	.03	.5	158	6	5¾	5¾	— ¼
BearAu			332	8½	8¼	8½	+ ¼
Beechm	.19e	3.3	13578	6	5⅝	5	+ ⅜
BevSvo			1376	7	6¾	6¾	— ¼
Bildner			1188	12½	10¾	11	—1½
Bioasay			117	¼	¼	¼	
Bioth un			225	19½	18¼	19	— ¼
BioTcC			780	11¾	11⅛	11¼	— ⅛
Birdi pf	.43r	2.7	37	15¾	15½	15¾	
Biqu			343	3	2⅞	3	+ ¼
BlwldSp	8.00c		65	19	18½	19	+ ½
Blyvoor	.66e	13.1	1613	5⅞	5	5	— ⅝
BobBrk			176	1½	1⅜	1⅜	— ⅛
Bonray			25	7½	7	7	— ½
Bowatr	.17e	3.7	65	4⅞	4⅝	4¾	— ⅛
Braids			587	5⅞	5	5¾	+ ¾
Brairn g			60	1	1	1	+ ⅛
Branif			1627	5⅞	5⅜	5⅝	+ ⅛
BrenerC	.10e	1.2	10	8½	8½	8½	
BrentB			30	9½	9	9	— ½
BradF h			93	2½	2⅜	2⅜	— ½
BrokHil	.45r	4.2	1936	10⅝	10	10⅝	+ ⅝
Broghin			18	12½	12¼	12¼	
BruceRb	.45	10.9	50	4¼	4⅛	4⅛	— ⅛
BckyF s			57	12¾	12½	12¾	
Buffels	3.42e	17.3	2225	22½	19½	19¾	—1⅞
Buffet s			344	14½	14	14½	+ ½
Burmh	.34e	6.5	9811	5	4⅞	5	+

C

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
CB Fncl	.18	.4	30	40¼	40¼	40¼	
CEM			13	10½	10⅜	10½	+ ⅛
CL Asst			720	5¾	5½	5¾	+ ⅛
CNB s	.76	3.0	49	25	25	25	
CTEC B	.80	4.2	35	19	19	19	
CVD un			36	2⅞	1⅞	2¼	— ⅜
CabotM			575	⅞	¾	⅞	+ ⅛
Cabot wt			60	⅜		⅜	+
Cabot un			279	3⅛	2⅞	2⅞	+ ⅛
Cach un				3	3¼	3	+ ¼
Cadeln			2951	1		1	—
Calmar	.40	1.7	33	24½	23¼	23¼	— ¾
Canonie			203	13¼	12¾	12¾	— ¾
Cavalr			360	3½	2½	3½	+1
CtrlBk			735	11	11	11	
CnBSy s	.40	1.9	75	21¼	21	21	— ¼
CnJerSv	t		14	21	21	21	
CPcMn			899				+
Chmins			326	7¾	6¾	7¾	+ ½
ChapE pf	.601		159	3¾	3¼	3¼	
Chefinf			338	⅛	⅛	⅛	
Chmclr s			210	6⅛	5⅞	6	— ⅛
CirclFA			190	2⅞	2½	2⅞	+ ¼
Circinc	1.32	9.6	62	13¾	13¾	13¾	
Ciro un				1⅝	1⅝	1⅝	
Cizins			15	4¼	4½	4½	
CitySv			245	8⅝	7⅞	8⅝	+ ¾
Clevite			407	8¼	6¾	7	—1¼
Clev wt				½	⅜	⅜	— ⅛
Clev un			462	9	7	7½	—1½
Cadnl un				12½	12½	12½	
ColCm pf			232	1⅞	1¼	1¼	
CmceBk			100	9	9	9	
CmcPr s			683	2½	1¾	2	— ⅜
CmwRl			8	11½	11	11½	+ ½
ComGro			46	3⅝	3⅝	3⅝	
ComNt un			6	13¾	13½	13¾	+ ¼
CmpVid			1057	5¾	5⅛	5⅝	— ⅛
Cmpcm			43	8⅜	8⅜	8⅜	
CmHz un				12	11½	12	+ ¼
CptrPw			27	3	2½	2½	— ½
CptP un			34	7½	6	6	—1½
CmpSvc	.04e	.1		47½	43¼	43½	—4
Conno	.32	1.6	22	19½	19¼	19½	+ ¼
ConsSv			35	12¾	12	12	— ¾
CnsHyd			295	11¾	11⅝	11¾	
CorctCp			3784	9½	8⅞	9	
CoreS pf	3.07	11.6	25	26½	26¼	26½	+ ¼
CmrFn	.60	2.3	21	26¾	26½	26½	
CountyS			876	7¼	6⅞	7¼	+ ⅛
CousnH			1714	4	2⅞	4	+1⅛
CrftHou	t		20	5½	5	5½	+ ½
CrwlC s	.52	2.4	284	21½	21¼	21¼	— ¼
Cronu wt			22	4¾	4½	4½	— ¼
CrwnA	.40	3.6	73	11¼	10½	11¼	+1
Culco	.14	4.3	231	3¼	3	3¼	+ ¼

D

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
DMI h			369	2	1⅞	2	+ ⅛
DNA P un			122	16½	15	15	—1¼
DSP un			109	5⅛	4	4⅛	—1
Dal El	.15e	1.0		17⅜	14⅞	14⅞	—2½
DiyJour			11	7¼	7	7¼	+ ¼
DtSwt wt			50	2	1⅞	2	+ ⅛
Datcpy			753	5⅜	4⅞	5	— ⅜
Datvsn			795	3½	3¼	3½	— ⅛
DBeer	.21e	3.0	8691	7¼	6⅞	6⅞	— ⅜
DnsePoc			348	3½	3¼	3¼	— ¼
DnsP un			10	8	7⅞	7⅞	— ⅛
DefCon	.50	3.7	14	13½	13½	13½	
Develcn			227	3⅛	2⅞	3	— ⅛
DimeCT	.10e	.9	575	10⅞	10¼	10¾	+ ½
Domno s	1.10	5.6	12	19¾	19¼	19½	+ ¼
Doskocl			6333	1⅜	1⅛	1⅜	+ ⅛
DovrReg			200	9½	9½	9½	
DresBk	7.53e	3.7	5204	204¼	195	203½	+3½
DrlefCn	1.15e	7.2	2958	16⅜	15⅞	16	+ ¼
DrugS s	.45e	7.5	4	6	6	6	
Duramd			1677	7¼	6⅞	7¼	+ ½
Dynpac			1155		⅛		+

E

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
EagT wtC				⅜	⅜	⅜	
Ealing			60	7⅝	7⅝	7⅝	
EstWy s			43	8½	7	7⅛	—1½
EastBk			741	2¾	2½	2⅝	+ ⅛
Edac			507	2⅜	2	2⅜	+ ⅛
Edac un			92	2⅝	2½	2⅝	+ ⅜
EdisClr			180	9½	9½	9½	
ElGas un			122	4	3¾	3¾	— ¼

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
EmpCo s	.60	1.6	40	38	36	37¼	— ¾
EnrVnl			1	8½	8¼	8¼	— ¼
EqtIoA	1.28	4.1	7	32	31¼	31½	
EsexCl	2.32	6.6	4	35	35	35	
Evrgrn s	.88	3.0	51	29¼	29¼	29¼	

F

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
FMI wt			165	2¾	2⅝	2⅝	— ½
FNB Pa	.24	1.4	70	17½	16¾	17	+ ¾
FalcLt g			1029	13½	13⅜	13½	+ ⅛
Falstaff			435	7⅝	6⅞	7¼	+ ⅜
FedNtl			112	1⅝	1⅝	1⅝	
FinlInd			1	4¼	4¼	4¼	
FnNBc s	.60	1.5	1	39	39	39	
FinaA un			20	6¼	5¾	6	+ ¼
FABk B	.40b	3.4		11¾	11¾	11¾	
F1ABk	.19a	1.9	1308	10	9⅝	9⅞	— ¼
FBncTx	.30	6.0	136	5	5	5	
FtCarln	.50	1.5	18	32½	32½	32½	
FtColF s			3	9	9	9	
FComrB	.24	1.8	33	13¼	13¼	13¼	
FDIMgt			277	8	7½	8	+ ½
FIFdGa			66	12	11½	11½	— ½
FFdAusl			220	7	6¾	6¾	— ¼
FFldBc pf	4.00	5.8	7	69¼	69	69	— ¼
FFncrp				5	5	5	
FstGrB	.80	2.9		27¾	27¼	27½	+ ¼
FJer pfB	2.88	6.1	38	48¼	46⅜	47	—1¼
FPea pf	1.99	7.2	46	27½	26¾	27½	+ ¾
FtSvNM			58	10½	10	10	— ½
FScFn s	.36	1.2	26	31	30½	30½	— ½
Fstsfn			1	1	1	1	
Fisons	.40e	1.3	1304	32¼	31¼	31⅞	
FlaExp			1466	6¾	6¼	6¼	— ½
FlaRck			213	8½	8¼	8½	+ ¼
ForBetr	.10	1.4	50	7	7	7	
FndrFn			17	2¼	2¼	2¼	
FourStr				4	4	4	
FoxT un			5	1½	1½	1½	
FreSCn	1.26e	10.3	6359	12½	11¾	12¼	+ ¾
FrnlSvg			52	3⅝	3½	3⅝	+ ⅛
FuJIPh	.11e	.3	4117	37¾	34⅞	35⅝	—1⅞

G

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
GAC Lq	1.75c		31	4	4	4	
Gambro	.05e	.3	285	15¼	14⅞	14⅞	— ⅜
Gartner			793	10⅝	10⅜	10⅝	
GlwyBcp			1805	10¾	10½	10¾	
GnKinet			1563	5	4½	4⅝	— ⅜
GTel 56pf	.90	8.0	61	11¼	11⅛	11¼	+ ⅛
GTel 5pf	1.00	8.1	366	12⅜	12⅜	12⅜	
GenesB	1.20a	2.3	45	53½	53	53	— ½
Geodyn			398	13¼	12¾	13¼	+ ½
Glamis	.24e		614	9⅝	9	9½	+ ½
GlaxH s	.06i	.4	30312	14	12⅞	13⅝	+ ⅝
GoldCo			197	16¼	16	16¼	
GoldFd	.51e	4.0	1361	13¼	12⅞	12⅞	+ ¼
GoldInv			59	3⅞	3⅝	3⅝	— ⅜
Gldl wt89				2⅝	2⅝	2⅝	
Gldl wt90				2½	2½	2½	
GldnVl			1324	14¼	13¾	14	+ ¼
GlAMg			71	17	17	17	
GraveH			453	9	8⅝	9	+ ⅜
Grdwtr			260	22	21½	22	+ ½
GrbER un	.88	4.8	10	18¼	18¼	18¼	
GuarBn	.03e	.3	204	9½	9½	9½	
GlfMiss			2363	8	7¾	7¾	

H

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
Halsy un			139	8	7	7¼	— ½
HamO pf	1.95	11.1	14	17⅝	17½	17½	
HamrT s	t		3584	⅞	⅞	⅞	
Harken			763	1	1⅜	1⅜	
HarlyNt			32	34	34	34	
HawlF s	.60	3.3	7	18½	18	18	— ½
HeriaNIS Bk			12248	9¾	9	9⅝	
Hi-Port			73	8	6¾	8	+1¼
HiberSv			2	9⅝	9⅝	9⅝	
Highvld	.08e	6.4	1227	1	1	1¼	—
HneL 34c				3½	3½	3½	
HiwdPk	1.60	7.0	47	23½	23	23	— ½
Hmln wt			10	1¾	1¾	1¾	
Hmln pf			59	10	9⅝	10	+ ¼
HrzAr pf	1.20	10.8	502	11⅜	10¾	11⅛	+ ⅜
Hzsps un			10	10⅝	10½	10½	— ½
HsfnOF			55	⅜	⅜	⅜	
HsfnO pf	1.37	78.3	18	1¾	1¾	1¾	— ¼
Hygeia			279	9	8¾	8¾	— ⅜

I

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
ICN Bio			2073	17	11½	17	+4½
IDB				48	48	48	
Imark	.50e	12.5	2	4	4	4	
Imlrn un			36	6⅞	6½	6½	— ½
ImprBc	t		179	14	13½	13½	— ½
IndBkCp			96	24	22	22	—2
IndBkMl	.43a	4.5	5	9¾	9½	9½	— ⅛
IndSaS	1.62	9.8	59	16½	16¼	16½	+ ¼
Indinsr	1.40	3.8	957	36⅝	35⅜	36½	+1
Infrmx			2919	7⅞	7¾	7⅞	+ ⅛
InstCp	.19e	1.5	250	12½	12⅜	12⅜	— ⅛
InacTc			288	4⅝	4¼	4⅝	+ ⅜
IntTc un			20	5	4⅝	5	+ ⅜
Intcr un			341	3¼	3¼	3¼	
IntLie			62	11¾	11¼	11½	— ⅜
IntGen			1446	4	3½	4	+ ½
IntLs pf	1.87	5.2	222	37⅜	35	36	—2
InThr un			95	1⅜	1¼	1¼	— ⅛
InvSL pf	.95	6.8	882	14½	14	14	— ⅛
Israinv	1.65e	6.8		24¼	24	24¼	+ ¼

J

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
Javelin	.25e	8.9	14	2⅞	2¾	2⅞	+ ⅛
JeffBcp			69	23	23	23	
JeffBk	.30r	1.7	20	17½	17½	17½	
JllyLb			612	20	19¼	19½	— ½
JncMed			222	5½	5⅜	5⅜	
Joslyn	1.44	4.7	153	30½	30⅜	30½	

K

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
KnCtyL	.96	3.3	123	28¾	27¾	28¾	+ ½
KyInvst	.31e	2.6	6	12	12	12	
Kinginl			4	9	9	9	
Kinard	.10r	2.5	10	4	4	4	
Kinney	.05e	.5	1	10⅛	10⅛	10⅛	
Kleinrt			4	11	11	11	
KloofG s	.42i	5.6	2858	8⅛	7½	7⅝	— ¼
Knutsn			2467	10¼	9½	10⅛	
KurzM			424	3	2⅞	3	

L

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
LA Gear			7872	13¾	12¼	12¾	—1
LSB SC	.27e	1.6	35	17	16½	17	+ ½
LdlT A s			62	10⅞	10⅝	10⅞	+ ⅛
LafayB	1.00	2.9	34	34	34	34	
Lakeind			542	7¼	6⅝	6⅞	— ⅛
LndIP V	.60e	10.4	82	6¼	5¾	5¾	— ¼
Landsng	.60e	7.5	61	8	7⅞	8	+ ⅛
Laurel			182	5⅛	4⅝	5	+ ⅜
LincSv			71	1⅛	1⅛	1⅛	+ ⅛
LouG 5pf	1.25	7.6	16	16½	16½	16½	
LouG pf	1.86	7.9	43	23½	23⅜	23⅜	
Lvdnbg	.47e	5.5	573	9⅝	8½	8½	— ⅞

M

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
MCI wt			2543		⅝	⅝	—
MCM Cp	.24	2.2	5	11	11	11	
MSI El			25	2¾	2⅝	2⅝	— ⅛
MagelPt			186	2⅝	2	2⅝	+ ⅝
MallBx			242	14¾	14¼	14¾	+ ¼
Manlrn			706	5¼	4⅞	5¼	+ ⅛
MarbFn			456	18	17⅜	18	
MarPet	1.20e	11.7	7	10½	10¼	10¼	— ¼
Massbk	.08e	.6	1093	14½	13¾	14½	
Maury			87	13½	13½	13½	
McCrmC			10	5	5	5	
MerliCo			1689	15¼	14¼	14¼	—1
MeyrPk			5	23	21½	21½	—1½
MichJ	.34	4.2		8½	8½	8½	
MicrH un			1769	5	5	5	
Micrbio			127	5	4¾	4¾	— ⅜
MdABnc	.20e	1.4	7	14½	14¼	14½	+ ¼
MidConn			430	9⅝	9⅝	9⅝	
MidSau	.20	1.4	169	14	14	14	
MdAir pf	1.85	6.9	344	26⅞	25¾	26⅞	+1⅛
MineSf	.52	1.4	150	36¾	35½	36¼	+ ¼
MnrRs	.22e	2.8	3274	8	7⅞	7	+
Moscom			33	2⅝	2⅝	2⅝	
MmrB s	.151	.5	26	30	28	29	+1
MuniDv			116	10	9	9	—1
Muscoch			312	2⅞	2⅝	2⅞	+ ⅛
Musto			1067	2⅞	2⅝	2⅞	+ ⅜

N

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
NFS			274	13¾	13¾	13¾	
NorraC	3.30e	6.2	256	54	53	53½	+ ½
NH FSI			66	5⅝	4⅝	5⅝	+ ¼
NovoGp			637	20	19⅜	19⅜	— ¼
Neeco			201	5⅝	5⅝	5⅝	
NESvBk			1334	13⅝	12⅞	13½	+ ¾
NYCShoo			1554	4⅝	4¼	4⅝	+ ⅜
NewmCm			187	1⅝	1⅝	1⅝	— ⅛
Nissan	.11e	1.5	140	7⅞	7⅝	7¾	— ⅛
NonanFd				16½	16½	16½	
Nooney	1.01e	7.2	73	15¼	15¼	15¼	
NAHld	t		172	11½	11½	11½	
NAmSv	t		2	7¼	7	7¼	
NestS pf	2.25	7.6	488	29¾	27¼	29½	+1½
NthldSv				14	14	14	
NwEng			5	7	7	7	
NwNG pf	2.37	6.6	6	36	35	36	+1
NovP un			2	94	77	80	+2
Novo un			51	2⅜	2	2	— ⅜
Nowsc g	.30	3.8	103	8	8	8	

O

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
OKC un	.90e	18.9		5⅛	4¾	4¾	— ⅛
OccuMd			171	2¾	2⅝	2¾	+ ⅛
Oce-NY	.62e	1.3	38	46¾	45⅝	46½	+ ⅜
Oficeld			161	5⅝	5⅜	5⅜	— ⅛
OfLg pfA			345	1	⅞	1	+ ⅛
OffLog pf			28	2⅛	2	2⅛	+ ⅛
OlKnt pf	1.82	4.9	157	37½	36	37¼	+1
OldNflB	.80	2.3	946	35¼	29¾	34½	+4¼
OldRp pf	1.00	2.4	18	42¼	41½	42	— ¼
Olymin			70	9	9	9	
Oncogn			681	5¼	4⅞	4⅞	— ⅜
OneVal s	.96	2.5	97	38	38	38	
OrangF	1.20e	4.1	1470	32	30⅜	31⅛	— ⅜
OrmaJ un				5	4½	5	—1¼
Overmy	.40	7.6	14	5¼	5¼	5¼	
Ovrsin g			16	3	3	3	

P

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
PAM			1061	11	10¾	11	
PCA Int			76	2¼	2⅛	2⅛	— ⅛
PNC pf	1.60	4.6	6	35	35	35	
PNC pfD	1.80	5.0	6	36¼	36	36	
Pacinld				6¼	6¼	6¼	
Paco wt			40	3⅝	3¼	3¼	— ½
PopCp pf	2.50	8.5	76	29¼	29¼	29¼	
PeaGd wt			1279		⅜		+ ⅛
PeaSvCt			301	10½	10⅛	10½	+ ⅜
PSBMas			1219	12¾	12⅝	12¾	
PtHel vtg	.08	1.1	76	7½	7¼	7½	+ ⅛
PtHel nv	.08	1.1	174	7½	7¼	7½	+ ⅛
Pierce			17	64	63½	64	+ ½
Piezo			1312	⅛	⅛	⅛	
PigFd pf	1.88	7.9	24	23⅞	23¾	23⅞	
PlainsR			214	⅞		⅞	— ⅛
PlnRs pf	.321		22	4½	4¼	4½	+ ¼
PlastLn			160	14¼	13¾	13¾	— ½
PlyFvo			550	9½	9¼	9¼	
PosAs s	.32	2.4	344	13¾	13½	13½	— ¼
PrePd wt			5	2⅝	2½	2½	— ⅛
PremFn	.68	6.2	11		10¾	11	+ ¼
PresAir			423	4⅝	4	4⅝	+ ⅝
ProMed	.32e	7.1	81	4⅝	4½	4½	
PrDag s	.12	1.2	57	10	9½	10	+ ½
ProvBc			308	105	105	105	
Psicor			195	6	5½	5½	— ½
PutnTr	1.16	1.8	9	66	65	65	
PyrmO			6	2¼	2¼	2¼	

Q

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
QVC			3464	17¾	15½	17¼	— ¾
Quantc			84	3	2¾	3	
QuebcSt			62	3⅝	3⅝	3⅝	
Quincy	1.65f	9.0	366	18¼	17⅞	18¼	+ ⅛

R

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
RHNB	.36	1.6	36	22	20¾	22	+1
RadaEl			147	1½	1½	1½	
Rada un			190	3⅝	3⅝	3⅝	
Radian			60	1⅛	1⅛	1⅛	
Radva			133	4½	4¼	4½	+ ⅛
RallSL			46	10½	10⅛	10½	
RainrR	1.00e	12.3	930	8⅝	8	8⅛	— ⅜
RankO	.25e	3.7	314	6⅞	6⅝	6⅝	
Rauch			1	4⅛	4⅛	4⅛	
RebLf s	1.06	5.0	9	21¼	21¼	21¼	
RepSav			173	5	4⅝	5	
RetLiv	1.01e	4.4	32	23	23	23	
Rheomt			126	5	5	5	
Ripley	.20	2.2	9	9	9	9	
RvrsdG			205	11½	10	11½	+1½
RcktwdN			24	3⅛	3	3	— ⅛
Rodime			68	5⅜	5⅜	5⅜	
RossL un			301	3⅞	3⅜	3⅜	— ½
Rossind			18	3½	3½	3½	
Rubcn wt				1¼	1¼	1¼	
Rubl un			67	8¼	8	8	

S

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
SCOR US			6489	14½	14¼	14¼	
SJNB	.15e	2.4	72	6¼	6¼	6¼	
SageAl s	.24	1.6	12	15	15	15	
StHlGd	1.54e	12.3	689	13	12¼	12½	+ ⅛
Sandusk	.12e	1.9	43	6½	6¼	6¼	— ¼
StMonB	.60b	1.8	126	33⅝	32½	33½	+ ½
Santos	.09e	3.4	249	2⅝	2⅝	2⅝	+ ⅛
Sasol	.21e	12.7	221	1⅝	1⅝	1	+ ⅛
Scntml			75	⅞		⅞	— ⅛
SbdSav			86	9	9	9	
SeahK	t		261	⅜		⅜	
SeattleT	.40e	1.0	89	61½	60½	61½	+1
Selsmc un				2½	2½	2½	
Shanly			127	⅜		⅜	
Shelfn			212	11¾	11⅝	11⅝	
ShoreSv			237	5¾	5⅜	5⅜	— ½
SlamDag			341	7¼	7	7	— ⅜
SlvKing			806	2⅝	2½	2⅝	
SlmKor	.20e	.8	5	25⅛	25⅛	25⅛	
SlmnFt	.48	2.8	7	17½	17¼	17¼	— ¼
Sirco			14	6	6	6	
SomerGp				13½	13	13½	+ ½
SomerSv			531	10¼	9⅞	10¼	
SoundA			82	4⅝	4⅝	4⅝	
SoAtIn			8	6⅛	6⅛	6⅛	
SoFdlGa			15	9¾	9	9¾	+ ¼
SoMinrl	.051	1.0	3	5	5	5	
SoPcPt			1021	⅜		⅜	+
SprtMt			438	2⅝	2⅜	2⅝	
SprtM wt				½	½	½	
SpRetl			73	6⅝	6⅜	6⅜	— ¼
StarTc			1338	3⅝	2⅞	3⅝	+ ⅜
Stater			401	19¾	19¼	19½	
StatG un			6	6⅛	6	6⅛	
SldLn wt			1170	7¼	6⅞	7½	+ ¼
SuburB			19	7⅜	7⅜	7⅜	
SunEst			24	2⅜	2⅜	2⅜	
Sunlite			348	3⅛	3	3	— ⅛
Sunrst			475	8⅛	7	8	+1
Sunrt un			161	22½	19	21⅞	+2⅜
Swedlw	.28	1.1	70	26	25	25	—
Syntc pf	2.75	11.5	19	25½	24	24	—1½
SyrSup	.28	2.0	4	14¼	14¼	14¼	
Sysinel			12	2⅝	2	2	— ½

T

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
T Cell			260	3	2⅞	2⅞	
TEL Off	1.15e	25.6	350	4¾	4½	4½	— ¼
TRC s			249	10¼	10	10	— ¼
TaroVt			66	3⅜	3¼	3⅜	
Taurton			369	11⅞	11⅝	11½	— ⅜
TaylrDv	t		39	1⅝	1½	1½	
Tchdyn			352	1⅝	1½	1½	— ⅛
TechDv			153	2½	2⅜	2⅜	— ⅛
Tesco	.40	42.7	85	1	⅞	⅞	— ⅛
Telelec			63	7⅞	7½	7½	
TelMex	.01r	10.7	60530				
TenVEn	.60	3.8	7	15⅝	15¾	15⅝	
TenLd un			84	2⅝	2⅝	2⅝	
Trmfx un				5½	5½	5½	
TeraM s			1566	1⅞	1⅞	1⅞	
Teva	.08e	1.5	104	5⅝	5⅜	5⅝	+ ⅛
Texstyr			132	8⅛	7⅝	7⅝	— ⅛
Thundr	.12	2.1	39	5⅝	5⅝	5⅝	+ ⅛
TideR h	.20e	4.2		4⅝	4⅝	4⅝	
Tinsly			2	9	8½	8½	
TokioF	1.66e	.3	1482	21½	540	556	—6
TollEr			85	1⅝	1⅝	1⅝	
TollHlt			797	7⅝	6⅞	7¼	+ ½
Toyota	.17e	.7	6656	27⅜	23⅝	24¼	+ ¼
TrmFnc	.15e	.7	18	23	22	22	
TrnLse			156	7¼	6¾	6¾	— ½
TrStr un			56	17	15½	17	+1
TribSwb			1176	1½	1⅛	1½	
TricoPd	1.00	2.2	79	45	45	45	
TrioTch			134	3	3	3	
TurfPar			64	7¾	7¾	7¾	+ ⅛
202 Dta			40	3⅛	3⅛	3⅛	

U

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
Unifl wt			382	13⅝	11¾	12¼	—1¼
UCount	1.80	3.1	9	59	59	59	
UnFncl	t		2	14½	14½	14½	
UnHrn s			2222	1⅞	1⅝	1¾	+ ⅛
UBkNJ s	.68	1.9	6	36	36	36	
USvBk			299	9¼	8¾	9¼	+ ½
UnSvMu			271	9¼	8¾	9¼	+ ½
USvAd pf			451	2⅞	2⅝	2⅝	+ ⅜
USMed			23	1⅞	1⅝	1⅞	+ ⅛
USRlty	.22e	.9	349	23¼	23¼	23¼	
US Suar			12	58	58	58	
UVaBk pf	2.75	5.0	15	55½	54½	55	— ½
UnvMd un			18	16½	16½	16½	
UnSc un			40	13¼	12¾	12¾	— ½
UnvBk			1122	8⅝	8	8	— ⅜

V

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
VaalR s	.74e	9.1	10198	8	7⅝	8	+
VacDry			29	9	8⅝	8⅝	— ⅜
VangSB			389	13¾	13	13⅝	— ⅜
Velcro	.92	4.0	51	24	23	23¾	— ¾
VertexC			4	4	4	4	
VictCr			4749	10½	9¾	10½	+ ½
VistaRs	.40e	1.3	26	32	32	32	
VolunB s	.52	3.7	71	14	14	14	

W

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
Wacoal	.28e	.9		33½	31¾	32	+1¼
Waldb	.05r	.2	482	26¼	26¼	26¼	
WlkrT wt			254	1		⅞	
Warren			330	9½	9	9½	
WelkG	.70e	8.8	891	8	7⅝	7	—
Wessex			536	5⅜	5	5	— ⅜
Westco			4409	11½	11⅛	11½	+ ¼
Wetrbke			72	8⅝	8⅜	8⅜	
WhnAlen			498	3⅝	2⅝	2⅝	— ⅜
WDeep	2.40e	6.3	1761	47⅞	39¾	39⅞	—2½
WITIB			3	18½	17	17¾	— ½
Weston			206	14	13	13	—1
WstwdGp			20	12	12	12	
WhlCib pf			10	22½	22½	22½	
WilyJ B	.98	3.0		32½	32½	32½	+ ½
WiscRE			16	4⅝	4⅝	4⅝	
Woburn	.05e	.5	658	10¼	9⅝	10¼	+ ⅝
WCYS			1713	12⅞	11⅞	12⅝	
WldwdCpf			490	3	2½	3	+ ½

X

Stock	Div	Yld	Sales 100s	High	Low	Last	Net Ch'ge
X-Rite	.04e	.4	108	11½	10⅝	11	— ¼
Xplor s	.30i	10.0	7	3	3	3	

Treasury Bonds

Oct. 3

Maturity	Close Bid	Close Ask	Yield	Wk.-ago yield
31.7.88	100 14/32	100 16/32	6.12	6.39
15.5.89	100 17/32	100 19/32	6.40	6.67
30.6.90	100 12/32	100 14/32	6.63	6.89
11.15.91	98 30/32	99	6.74	6.98
15.7.93	100 24/32	100 26/32	7.10	7.28
15.5.96	100 17/32	100 19/32	7.29	7.46
15.2.06	114 22/32	100 26/32	7.88	8.04
15.5.16	96 22/32	100 26/32	7.53	7.63

Source: Salomon Inc.

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Wall Street Review

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
TexAir	21555	37	31⅞	35⅝	+3⅝
Wickes	18968	4⅝	4⅜	4⅝	
BAT	14223	6⅞	6⅝	6⅝	
HmeSh s	13107	44	37⅝	39½	—2½
MayFw	9678	28⅝	24⅝	27¾	+3⅛
EchoB g	9405	23¼	20⅞	22⅜	+1½
WangB	9197	13⅝	12⅝	12⅝	
IntThr	8797	1⅝	1⅝	1⅝	— ⅛
HrnHar	8740	17⅝	15⅜	17⅜	+ ⅜
Dillrd s	8259	39⅝	35⅝	37⅜	+2⅞
HmeGp	7986	19⅝	19	19	— ⅝
TIE	6798	4⅝	3½	3¾	— ⅞
AM Intl	6403	5⅝	4⅞	5⅜	— ⅛
DWG	6336	3⅛	2⅝	3	+ ⅛
LorTel n	5922	19⅝	17	18⅝	+ ¾
FAusP n	5853	8⅝	8⅛	8¼	— ⅛
NwLine n	5149	8	7⅝	7⅝	
EntMkt	4950	18¼	15½	16¾	+1⅜
Amdahl	4811	20⅝	19⅛	19⅞	— ⅜
Hasbr s	4065	27⅝	26¼	27⅛	+ ½
ImpOil g	3885	33½	32½	32⅝	— ⅝
SFN pfA	3781	7⅞	7⅝	7⅞	+ ⅛
ICH s	2964	26⅜	24¾	24⅞	—1⅛
Spctrm s	2937	12⅝	12⅛	12⅝	+ ⅛
NYTimes	2853	73	67⅜	72½	+2⅜

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
USX	279963	26⅝	22⅝	26⅜	+2⅞
BellSou	184773	59⅜	57½	59⅜	+1
IllPowr	180862	28½	27⅝	27⅝	— ⅛
Aldsir s	85297	64⅜	60⅛	64½	+3⅜
IBM	79149	135⅝	130⅞	130⅞	—3⅝
OwrnT s	76587	43	41½	42⅜	— ½
AT&T	74917	22⅞	22⅛	22⅛	— ⅝
Schimb	70188	35⅜	32⅝	35	+1⅝
LuckyS	67388	36⅜	35	36⅜	+ ½
NiaMP	67038	20⅜	17	17⅝	—3¼
FedExp	60148	66⅜	58	65⅜	+6⅞
AetnLf	58667	58⅝	56½	56⅝	— ⅞
AmExp	49435	58	53⅝	55⅞	+ ½
WnAirL	47882	12⅛	11⅝	12	+ ⅛
FordM s	46538	55⅜	49½	53⅞	+3
Mobil	45299	38⅜	36¼	37¾	+1
Exxon	44871	68⅜	65⅝	67⅝	+1⅜
Syntex s	43902	57¼	52	54¼	—3⅝
HewlPk	42049	39½	36⅝	38⅝	+1⅛
Limitd s	41211	29⅝	25¼	28½	+1⅜
MayDS s	41805	35⅛	33⅝	34⅝	+1⅛
Digital s	40042	93⅛	88⅝	92⅞	+3
CocaCl s	39626	35⅜	33	34⅝	+ ½
PanAm	38452	6⅛	5⅝	6⅛	+ ⅛
PepsiC s	36778	27½	25⅝	26⅝	— ⅝

AMEX Sales

	Sales Vol.
Total for week	48,050,000
Week ago	44,130,000
Year ago	37,860,000
Jan 1 to date	2,327,120,000
1985 to date	1,517,590,000
AMERICAN BONDS =	
Total for week	15,690,000
Year ago	10,030,000

NYSE Sales

	Sales Vol.
Total for week	640,180,000
Week ago	642,760,000
Year ago	607,900,000
Two years ago	415,040,000
Jan 1 to date	26,736,497,484
1985 to date	20,220,810,000
1984 to date	17,866,050,000

AMEX Diaries

	This Wk	Last Wk
Advanced	260	394
Declined	486	369
Unchanged	137	156
Total Issues	923	919
New Highs	20	27
New Lows	43	39

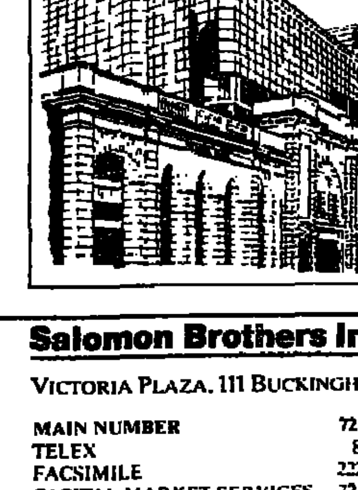
NYSE Diaries

	This Wk	Last Wk
Advanced	1180	1185
Declined	858	781
Unchanged	247	218
Total Issues	2205	2184
New Highs	63	76
New Lows	54	41

Convertible Bonds

Amt, Security, %, Mat, Mid. Price, —Conv. Period—, —Conv. Price s/sh—, Conv. Prm.%, Curr. Yld.

EUROPE — JAPAN — MISCELLANEOUS — U.S.A.: [illegible]



SALOMON INC

WE ARE PLEASED TO ANNOUNCE THE OPENING OF OUR NEW INTERNATIONAL HEADQUARTERS AT VICTORIA PLAZA ON MONDAY, OCTOBER 6, 1986

Salomon Brothers International Limited

VICTORIA PLAZA, 111 BUCKINGHAM PALACE ROAD, LONDON, SW1W 0SB

MAIN NUMBER	721-2000	EQUITY SALES & TRADING	721-3566	MORTGAGE FINANCE	721-3808
TELEX	886441	FLOATING RATE NOTES/ MONEY MARKETS	721-3185	MORTGAGE SALES	721-3134
FACSIMILE	222-7062	FOREIGN EXCHANGE	721-3270	NON-DOLLAR SALES	721-3145
CAPITAL MARKET SERVICES	721-3665	GILT SALES	721-3365	SETTLEMENTS	721-2015
CORPORATION COVERAGE	721-3165	GOVERNMENT SALES	721-3282	SYNDICATE:	
CORPORATE FINANCE	721-3855	FIXED INCOME SALES	721-3110	FIXED INCOME	721-3625
	721-3864		721-3145	EQUITY	721-3500

مكتبة ليبيا

NASDAQ National Market

OTC Consolidated trading for week ended Friday. Oct. 3

(Continued on next page)

American Exchange Options

Figures as of close of trading Friday. Oct. 3

Total Volume: 396,484
Open Interest 3,328,723
r—Not traded. s—None offered. o—Old.

Among U.S. business magazines, there is only one leader.

You probably already know that Business Week International is the leader in cost efficiency in reaching Chief and Senior Executives in Europe and Asia.

Now, we want you to know that, in America, the unqualified leader is Business Week. Not Forbes. Not Fortune.

Business Week.

One look at the chart on the right shows you that Business Week dominates the other U.S. business magazines by every meaningful measurement.

Take target audience coverage. We deliver more readers of virtually every targeted market segment. At a lower cost per thousand.

In fact, no matter how you feed these questions into your computer, Business Week emerges as the most effective advertising medium in the business magazine field. We give you more timeliness, better efficiencies, greater reach, more geographic options, more circulation.

So when you advertise in the U.S., the world's largest market for goods and services, go with the leader.

Business Week.

COMPARISON CHART

		BUSINESS WEEK	FORBES	FORTUNE
N.A. CIRCULATION		✓ 788,210	729,523	626,258
TOTAL READERS		✓5,713,000	2,938,000	3,624,000
TARGET AUDIENCE COVERAGE				
Top Management:	% Coverage	✓ 13.6%	7.9%	7.2%
	4/C CPM	✓ $83.79	$124.33	$147.80
Top Management IEI $50,000+:	% Coverage	✓ 17.1%	11.2%	9.5%*
	4/C CPM	✓ $141.82	$186.49	$237.93
Top & Middle Management 1000+ Employees:	% Coverage	✓ 14.5%	9.2%*	8.3%*
	4/C CPM	✓ $126.07	$171.47	$205.37
Top & Middle Management Under 1000 Employees:	% Coverage	✓ 8.7%	5.5%	5.1%
	4/C CPM	✓ $74.17	$101.92	$117.18
Managers/Administrators Purchase Decision Makers: $50,000+:	% Coverage	✓ 15.0%	7.7%	7.7%
	4/C CPM	✓ $89.89	$151.38	$163.26
READERS IEI $35,000+:	% Coverage	✓ 11.7%	6.5%	6.1%
	4/C CPM	✓ $23.58	$36.81	$41.73
IEI $50,000+:	% Coverage	✓ 14.9%	10.1%	7.7%
	4/C CPM	✓ $56.81	$72.22	$102.68
College Grad. IEI $50,000+:	% Coverage	✓ 20.3%	13.8%	11.4%
	4/C CPM	✓ $71.88	$91.13	$118.96
DEMOGRAPHIC/ REGIONAL EDITIONS		✓ 15	0	11
TIMELINESS		✓ Weekly	Bi-Weekly	Bi-Weekly
B/W CLOSING		✓ 4 weeks	5 weeks	6 weeks

Source: Spring 1986 MRI, ABC 12 Month Average—1985
*Caution: Projection relatively unstable because of small base.
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BusinessWeek

Frankfurt: Percy Fohrbach (69) 72-01-81 • Lausanne: Irmgard Fischer (21) 27-44-11 • London: Keith Mantle (1) 493-1451 • Milan: Roberto Laurerl (2) 805-95-67 • Paris: Bruno Hermann (1) 42-89-03-81 • Stockholm: Andrew Karnig (8) 4400-05 • Tokyo: Paul Ishii (3) 581-9811

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued)

L

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
LCS s			39	7	6½	7	+ ⅛
LDBrnk			419	7¼	6⅝	7	— ⅛
LSB NC	.68	3.1	304	22	20	22	
LSI Lt			847	16¼	15⅝	16	+ ⅝
LSI Lg s			8266	9	8⅛	8⅞	+ ⅛
LTX			666	9¼	8	8	—1
LaPete s			1029	14	13¼	13⅝	— ⅜
LaZ By	1.60	2.3	232	69½	67½	68½	+ ⅜
Lacan g			358	7⅛	7¼	7⅜	
LacldSt	.25e	1.3	158	20¼	19¼	19½	+ ¾
LadFr s			1260	15¼	13¾	15	
Laidlw	.20	1.1	355	18	17¼	17½	— ¼
LdIT B s			514	10⅝	10½	10⅝	+ ⅛
LkeSun	.06a	.3	9	17¼	16½	17¼	+ ¾
LamRs			1099	5¼	4⅝	4⅝	+ ¼
LamaT	.40I		262	10¾	10¼	10¼	
Lancst s	.60	3.6	642	17¼	15	16¾	+1¼
Lance	1.08	2.9	2755	36¾	35⅛	36⅛	+ ¾
Lancer			112	12¾	11½	11½	— ¾
LdLnSL	.48	3.4	391	16¾	14	14¼	+ ¼
LdmkB			168	14¼	14⅛	14¼	— ⅛
LndEst			10107	30¼	29½	29¾	
Lane s	.80	1.8	221	44¼	43¼	43¼	— ½
Langly	.20e	2.6	70	7⅝	7½	7⅝	+ ⅛
LaserCp			373	5⅝	5	5¼	+ ¼
LawrSv			460	13	11⅝	12⅝	
Lawsn s	.24	1.2	276	20¼	19¾	20	— ¼
LeadDv			66	7	6¼	7	+ ¼
LeeDta			2359	6⅛	5	5⅝	+ ½
Leiner			112	17	16	17	
LeisCn s			1207	8¼	7½	8¼	— ¼
Lesco s	.011	.1	1858	11¼	9	11	+ ⅛
LewisP	.28	3.1	592	9	8¼	9	
Lexicn s			917	3⅝	3⅛	3⅝	+ ⅛
LbtyH A	.24	2.4	13	10⅛	10	10	— ⅜
LbtyH B	.20	2.1	3	9⅝	9⅝	9⅝	—1
LibNB s			96	34⅝	33⅝	33⅝	— ⅞
Liebr			433	16⅛	14⅝	15⅝	+ ⅞
Liebrt	.09	.3	476	25¾	24	25¾	+1¼
Lfeine			267	5⅛	4⅞	5	— ⅛
Lfinvs	.24	.5	3	49¼	49¼	49¼	
LfeTch			5064	10	9¼	9½	
Lilly A s	.42	3.1	332	14	13¼	13½	— ⅛
LinBrd			10043	49⅞	46¾	48⅝	+ ⅞
LincLg n			61	5	4¼	4½	
LincFn s	1.10	2.3	82	48	45	48	+3
LincFd			109	13½	12¼	12¼	—1
LincSB			265	29½	26¾	27¼	—2¼
LincTel	2.20	4.6	173	48	46½	47⅜	+ ⅞
LindlH s			13	5¼	4⅜	4⅜	
Lindbrg	.16	1.9	148	8½	7⅝	8¼	+ ⅜
LinerCp			631	6½	5⅝	6½	+ ¾
LnFlm s			1706	15¼	13¼	14	—1
LinearT			375	8	7	7¾	+ ½
Liposm			661	7¼	6⅞	7⅛	— ⅛
LiqBx s	.60	1.2	107	53½	46	49	—3½
LiqdAir	1.60	5.6	17	29¼	28½	28½	— ¼
LillArt	1.36	4.3	177	32	31	32	+1
LvngWl			39	4½	3½	3¾	—1
LizCla s	.25	.6	11000	41½	37¼	40½	+2
LocalF	.30	3.0	1636	10½	9	10	+1½
Lodgstx			409	4⅝	4¼	4⅜	
LondnH			16	7¾	7¼	7½	+ ¼
LoneStr			877	7⅝	7	7⅛	
LongLke			144	7⅝	7	7⅜	— ¼
LongF	1.40	4.3	743	33½	32	32½	— ¾
Lotus			14214	41½	37	41	+3
LVultin	2.08e	5.6	55	37	36½	37	
LaBnch	.72	8.0	2357	10	8⅞	9	— ⅞
Lowell	.07e	.7	688	10	9½	9⅝	— ⅜
Luskin			158	5½	5	5½	
Lynden			29	15	14	14½	+ ¼
Lypho s			4243	19½	17⅛	18⅝	+ ⅞

(Continued on next page)

Chicago Exchange Options

Figures as of close of trading Friday. Oct. 3

Total Volume: 596,883
Open Interest: 5,738,670
r—Not traded. s—None offered.o—Old.

Euromarts At a Glance

Eurobond Yields

	Oct. 1	Sept. 24
U.S. $, int'l inst., 8 yrs & over	8.52	8.47
public issuers, 8 yrs & over	8.58	8.58
industrials, 8 yrs & over	8.71	8.62
industrials, 5 to 7 yrs	8.95	8.86
Pounds sterling, 5 to 7 yrs	11.16	10.85
French francs, less than 5 yrs	8.19	8.21
ECU, 8 yrs & over	8.11	8.06
5 to 7 yrs	8.05	8.01
Can. $, 5 to 7 yrs	10.11	10.00
Aus. $, 5 to 7 yrs	13.91	13.78
N.Z. $, less than 5 yrs	16.87	17.20
Yen, 8 yrs & over	6.17	6.05
5 to 7 yrs	5.69	5.70

Source: Luxembourg Stock Exchange.

Weekly Sales Oct. 2

Primary Market

	Cedel $	Cedel Nom'l	Euroclear $	Euroclear Nom'l
Straights	1,016.90	1,008.30	3,101.20	1,820.00
Convert.	189.50	—	759.20	—
FRNs	230.00	181.50	3,065.30	223.20
ECP	681.80	—	2,365.90	158.00
Total	2,118.20	1,189.80	9,292.10	1,596.00

Secondary Market

	Cedel $	Cedel Nom'l	Euroclear $	Euroclear Nom'l
Straights	9,695.90	6,478.40	15,953.30	7,576.00
Convert.	361.20	29.20	1,188.50	40.20
FRNs	3,337.20	1,219.70	13,428.10	2,445.10
ECP	1,708.70	—	2,430.70	—
Total	15,103.00	7,925.30	32,001.00	10,062.00

Source: Euroclear, Cedel.

Libor Rates Oct. 3

	1-month	3-month	6-month
U.S. $	6 1/16	6 1/16	6 1/16
Deutsche mark	4 9/16	4 9/16	4 9/16
Pound sterling	10⅝	11 1/16	11⅛
French franc	7¼	8¼	8⅛
ECU	7½	7½	7⅝
Yen	5	5	4⅞

Source: Morgan Guaranty, Lloyds Bank, Reuters.

Revised Ratings

Oct. 3

Downward Revisions

Moody's

Beneficial Corp.
Yen 6⅜% of 1995 — BAA1 from A3

Beneficial Overseas Finance
$ 9⅜% 1987; zero 1990; 12% 1991; 14⅜% 1992
£ 14⅜% of 1990; 14½% of 1987
DM 9⅜% of 1989 — BAA1 from A3

Standard & Poors

— Continental Group Overseas Finance
11½% of 1993 — BB- from BB

Sources: Standard & Poors, Moody's Investors Service.

Mutual Funds

Figures as of close of trading Friday Oct. 3

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

NL— No initial sales load. f—Previous day's quote. r—Redemption charge may apply. x—Ex dividend.

ملفات الأصل

Nigeria Alters Exchange Rules

Agence France-Presse

LAGOS — Nigeria's central bank has announced important modifications to its week-old foreign-exchange scheme, aimed at improving access to the market and strengthening the naira against the dollar.

At Thursday's auction, the naira fell from 4.6, the rate obtained at the first auction last Friday, to 5.05 nairas to the dollar. The last pegged rate before the sealed-bid auction system was started was 1.55 to the dollar.

The new rules lower the proportion of dollars for which most banks can bid to 3 percent from 7 percent, except for the central bank and three large banks, which saw their ceiling lowered to 5 percent from 10.

Irish and Crédit National Facilities Oversubscribed

By Carl Gewirtz
International Herald Tribune

PARIS — Both France's Crédit National and Ireland may regret not having accepted the lower financing terms proposed to them for the credit facilities they currently are arranging on the international credit market.

The lowest proposals had been rejected out of fear that too many banks would balk at the low cost and that subsequent syndication among a wide range of international banks would prove difficult.

"They both wanted a success and they got it," was the way bankers described the situation. But as both facilities are now oversubscribed, it is apparent that they could comfortably have opted for the lower charges.

"One day it will have to stop," said Ruediger von Eisenhart-Rothe, managing director of Chase Manhattan Ltd., which is organizing the Irish credit. "The only question," he added, "is when" banks will signal that the decline in loan charges has gone too far.

Mr. von Eisenhart said that "there is an undercurrent of uneasiness on whether today's terms make sense. But at the moment, it's clear they can still go lower."

Ireland is expected to use the opportunity to increase its facility from the planned $400 million. It is paying banks an annual fee of four basis points, or .04 percent, for the first two years and five basis points during the final eight years for selling short-term notes or providing loans.

INTERNATIONAL CREDIT

To draw on the bank line, the cost to Ireland will be the London interbank offered rate, or Libor, if no more than 25 percent is used. If Ireland draws more, it will pay 7½ basis points over Libor for up to 75 percent and 12½ basis points over Libor for more than that. These are the lowest charges Ireland has paid for an international credit line.

Managers of the Crédit National facility said they were amazed at how quickly it was syndicated but doubted that the credit agency would want an increase. It is paying an evenly split four and five basis points for a 10-year, $300-million line. Drawing charges range from Libor flat for up to 25 percent of the amount, Libor plus five basis points for up to 60 percent and Libor plus 10 basis points if more than that is drawn.

Just how far banks are willing to go on their charges should be indicated this week. The Bank of New Zealand is expected to seek a $200-million, five-year facility against which it intends to issue short-term securities. Banks will be asked to underwrite only $100 million. The annual facility fee is expected to be a record low 3.125 basis points — (there have been lower facility fees, but on shorter maturities).

The drawing cost will be Libor flat for up to $50 million and Libor plus three basis points for the final $50 million.

Despite the signs that banks are liquid and hungry for assets, syndication of the $300-million loan for India's Oil and Natural Gas Commission is reported to be moving slowly. The terms, a record low for India — ¼ point over Libor for the first three years and ⅜ point over Libor for the final seven years — are meeting resistance. India is raising an additional $200 million through a tax-sparred loan.

Cyprus will tap the market this week for a $100-million, eight-year tax-sparred loan. Thanks to the tax treaties Cyprus has with Britain, France, West Germany and Japan, banks in those countries will be able to use the credit to reduce their domestic tax liabilities. But few Japanese banks are expected to participate. For Cyprus, it means a tremendous cost saving — it will pay a thin two basis points over Libor for the money.

Following the example set by the Greeks, the central bank of Turkey has arranged a $50-million, two-year loan and sold banks a one-year option to convert this into Deutsche marks. Like Greece, Turkey is paying ¾ point over Libor for the funds. But thanks to increased speculation about an appreciation of the Deutsche mark it was able to sell the option for more than the Greeks. Turkey's actual cost of borrowing will be ¼ point below Libor, lead manager PRIVATbanken reports. The cost to Greece was ¼ point over Libor.

Turkey, which this year has raised an estimated $1.5 billion in the market, is raising $300 million in a joint operation with the U.S. Export-Import Bank. Half the amount is guaranteed by the Ex-Im Bank and on this portion interest is set at ⅝ point over Libor for 14 years. The Turkish-guaranteed portion runs for seven years and interest on half the amount is set at ⅜ point over the prime rate and half at 1¼ points over Libor.

From the United States, Arizona Public Services is seeking a $225-million facility. Of this, $125 million is a five-year credit on which it will pay ½-point over Libor or 62½ basis points over the reserve-adjusted rate on certificates of deposit. The remaining $100 million is a three-year loan on which interest is set at ½ point over Libor.

Amoco Netherlands Petroleum is seeking a $90-million, eight-year loan the drawings of which are linked to oil and gas prices and the company's production from two oil fields and one gas field. The prices, set every six months, will determine the amount that may be drawn.

For the first three years the transaction is a revolving credit carrying a margin of ½ point over Libor; in the final five years it becomes a term loan with interest set at ⅝ point over Libor.

Iberdnero, the Spanish hydro-electric utility, is renegotiating terms on $113 million of outstanding debt. The amount is to be rolled over into a new 10-year loan on which interest will be set at 18¾ basis points over Libor. Banks will be paid a renegotiation fee of five basis points.

This week, United Airlines will tap the Euromarket for a $750-million facility that will be used to replace an existing domestic line of credit. The new facility will enable UAL to issue short-term notes or commercial paper.

The Australian Wheat Board has revamped its approach to the short-term market by canceling two Euronote programs totaling $750 million and enlarging its Euro-CP program to $600 million. Dealers in the new program are Citicorp, County NatWest Capital Markets, CSFB, Salomon Brothers, Sandi International Bank and SBCI.

Talks on Rubber Opening Today

Agence France-Presse

GENEVA — Leading rubber producers and consumers meet here Monday under the auspices of the United Nations Conference on Trade and Development to draw up a new international trade agreement.

Talks in May failed to produce an accord.

The producers — Malaysia, Indonesia, Nigeria, Ivory Coast, Papua New Guinea, Sri Lanka and Thailand — had asked for a 27-percent increase in the buffer-stock price. The main consumers, the European Community, the United States, Japan, China and the Soviet Union, rejected the demand.

HYUNDAI: *Pronounced Success*

(Continued from first finance page)

steady. This has widened the price gap.

A 1987 Excel GL four-door hatchback, for instance, now lists for $1,000 to $1,500 less than similarly equipped Japanese models, even after a 3.9-percent price increase for the 1987 model year.

"Our price position is very attractive relative to our competition," said Jack Collins, marketing director for Hyundai Motor America.

"But price isn't everything," he said. "Look at Yugo. They're $1,000 less than anything we have, but they sell about 2,000 a month while we're selling over 20,000 a month."

Auto enthusiast magazines and other reviewers of automobiles have rated the Hyundai cars as more up-to-date technically and a better value than the Yugo, which is imported from Yugoslavia.

While Hyundai's advantage over Japanese car makers is likely to continue as long as the yen remains strong, it will soon be facing more competition in the $5,000 to $6,500 segment of the market, much of it from its home country.

The Pontiac division of General Motors is expected to introduce a model next year manufactured by Daewoo of South Korea, even though it will bear the familiar LeMans label.

Ford Motor Co. is planning to import a small model, called the Festiva, from Kia Industries, another South Korean company.

Competition from other low-wage countries is likely as well.

Volkswagen AG, for example, will bring in the Fox, manufactured in Brazil.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued)

Stock	Div.	Yld.	Sales in 100s	High	Low	Close	Net Ch'ge
UnVolt			1242	4⅝	3⅞	4	+ ⅛
UFSBk	.30e	.2	159	13¼	12½	12⅝	— ⅛
UnivBT	.40e	1.7	8	24	23	23	
UpRght		.7	284	8½	8⅛	8½	
UPenP	2.10	8.0	60	26¼	24½	26¼	+1¼
Jecat	.36	5.3	1179	7	6⅞	6⅞	— ¼
JSBPa s	.38	4.1	80	22	20⅞	21¼	— ¾
V							
/ Bnd s			661	18⅝	18	18	— ⅝
/LI			905	4	3⅞	3⅞	
/LSI			8991	10⅝	8⅞	10⅝	+1⅞
/M Sft			794	27	26½	27	— ½
/MS	1.86e	11.3	174	9½	9¼	9⅝	+ ⅛
/MX			1333	3⅝	3¼	3⅝	— ⅛
/SE	.20	1.5	26	14	13	13⅝	— ⅝
/WR	.60	3.9	174	15¾	14¼	15¼	+1
'alidLa			8806	4⅝	3⅝	4⅝	+ ¾
'allen			108	17½	16⅝	16⅝	
'alyB s	.80	3.6	173	23½	21½	22½	—1
'alFSL	†		258	24¼	23½	23⅝	
'alFrg	.14	2.2	7	6½	6¼	6¼	— ½
'alNB s	1.20	2.4	206	50½	48	50	— ½
'alNtl	1.32	3.2	1637	41½	40⅞	41	— ½
'alUtah	.72	3.1	65	24	23	23½	— ¼
'almnt	.60	3.6	34	18¼	16½	16½	—1¾
'altek	.16	2.1	75	7⅞	7½	7¾	+ ⅛
'alLn	.40	2.1	3784	19¼	18⅝	19	+ ¼
'anzetl			205	2⅞	2⅝	2¾	— ⅛
'arlCr s			552x	8⅛	7¼	7¼	
'arlen	.40	4.5	48	14	13¼	13¼	— ¼
'eloBd			387	11	10	10½	—1
'entrex			1224	4⅛	3¾	3⅞	— ¼
'tFin	1.60a	2.9	30	57¼	55½	55½	—1¼
'eronx g			2585	4⅞	4	4⅞	+ ⅞
'ersa s	.20	1.3	217	16½	15½	16	— ¼
'iconF			59	2¼	2⅛	2¼	
'icorp	.12e	1.1	7491	12¾	11	11¼	—1
'ictBn	.55r	3.8	36	15¼	14½	14½	— ¾
'idDisp			35	7	6⅞	7	
'idLib			190	5	4⅞	4⅞	+ ¼
'ie deFr	.22e	4.0	1290	5½	4⅞	5½	+ ¼
'ievM s			567	17⅞	16½	16½	— ¾
'iking			735	19¼	18	18½	+ ½
'ipont			1251	11½	10¾	10⅞	— ¾
'iratk s			4353	70	53	63½	+2
'aBch s	.16	2.1	864	8¼	7⅝	7½	— ½
'aFst s	.051	.6	37	9	8	9	+ ⅝
'IstaLP			1533	3¼	2⅞	3	— ⅞
'isulEl			220	2⅞	2⅝	2⅞	
'itram	†		380	8¾	8	8¾	+ ¾
'odavi			1370	5½	4½	5¼	+ ½
'oltInf			2905	19⅝	19	19	— ¼
'olvo	1.17e	2.3	1033	52⅞	51¼	52	—1
'ortec	.08b	2.1	73	4⅛	3⅞	3⅞	— ⅛
'ulcPk	.04e		55	3½	3⅜	3½	
W							
D 40	1.12	4.7	740	24⅝	22⅝	24	— ¼
NS			644	15⅝	15½	15½	
albro	.32	1.3	572	25	20½	24	+3½
lkrTel			722	5⅞	5¼	5⅞	+ ⅜
allSnd			96	5⅛	4⅝	5	— ⅛
altSv			403	11⅝	11	11¼	— ⅛
rhseC			163	5⅝	5⅛	5⅝	
arwk s			304	8½	7½	8¼	— ⅜
shE	1.84	6.8	455	27¼	26⅞	27¼	+ ¾
FSL	.80	2.2	1015	36½	34¼	36½	+1½
MSB s	.40	2.1	2685	19¼	18	18⅞	+ ½
shScl	.10	1.2	66	8½	8¼	8⅝	+ ⅛
atrfGl			1028	17¼	16⅝	17¼	+ ½
atrin s			74	7½	7	7	— ¼
attsInd	.02e	.1	443	16⅝	16¼	16½	— ¼
ausP	.44b	1.6	690	28½	27	27¼	—1
aver s			413	15¼	14¼	15¼	+1
gvetk			2494	7⅝	7	7⅝	+ ⅜
axmon	.08	.6	247	14	12⅝	13¼	+ ⅜
WearEv			655	11	10¾	10⅞	
Webb	.40	2.4	8394	16⅝	16⅛	16½	+ ⅝
WbstCl			103	11	9½	9½	—1¼
WeigTr	.40	4.3	1143	9½	8⅝	9¼	— ¼
Weisfld	.50	3.0	121	16½	14	16½	+1
Welbilt			418	23½	20½	22¾	+1⅞
Werner			1407	17¼	16½	16½	— ¾
Wespac	.19e	4.3	359	4⅝	4¼	4⅝	
Wespc 2	.80	49.3	243	2	1¼	1⅝	— ⅜
WAmBc	.70	1.5	776	45¼	41½	45¼	+2¾
WIBank			323	6⅝	5⅞	6	
WstCap			1184	14⅝	13½	14⅝	+ ½
WnCmc			21	2⅝	2¼	2¼	+ ⅜
WnFncl			49	8½	8⅝	8½	+ ⅛
WstFSL			630	17¼	16⅝	17	
WFdPR	.50b	3.2	326	15¾	15⅛	15¾	+ ⅛
WnWste			50	12⅝	12¼	12½	— ¼
WMicTc			34	6⅝	6⅝	6⅝	
WMicr			532	7½	6⅝	6⅞	— ⅜
WstnPb			2967	14¼	13¼	14¼	+ ¾
WSteer s	.20	1.4	225	14¼	13½	14	+ ½
WtTIA			884	18½	17¼	18	— ¾
WmorC	.60	2.9	986	21½	20¾	20⅞	— ¼
WstBcp	1.00	2.2	48	45	42	45	+1
WstwO s			1522	28	26½	28	+ ¼
WstwC			2076	3	2⅝	2⅝	— ¼
Wettra	1.84	2.5	1204	41½	40⅝	41½	+1
Weynbrg	1.44	1.7	20	88	86	86	—3
Whiclub			990	5¼	5⅛	5¼	
Wicat			6461	3⅛	2¾	2⅝	— ¼
WilyJ A	1.10	3.2	267	34	32½	34	
Wilmt s	1.03	2.6	2087	40¼	39	40	+ ½
WillW	.60b	3.3	30	18¼	16½	18¼	+1¾
WillAL			2771	24	22⅝	22⅞	— ⅞
Willml			25	9⅝	9¼	9½	— ¼
WmsS s			281	19¾	19	19¾	+ ½
WilmTr	1.20	2.7	721	44½	43½	44	—1½
WilsnF			4039	11⅛	10⅝	10⅞	+ ⅜
Wilton			153	1⅞	1¾	1⅞	+ ⅛
Windmr			1614	6⅛	5⅝	6	
WingWt			154	5⅝	4⅝	5⅝	+ ½
WisSGs	1.04b	5.3	3	19½	19½	19½	+ ½
WiserO	.40	2.6	404	15⅝	15⅜	15½	— ¼
Wolohn	.16	2.0	525	8⅝	7⅞	7⅞	— ⅛
WolvT s			750	10	9¼	10	+ ½
Woodhd	.60	5.6	95	10⅝	10¼	10⅝	+ ½
WOW			10476	22	20	20¾	—1
Worthg s	.48	1.7	1420	28½	27⅞	28½	— ⅛
WrghtW	.38	2.8	161	14	11¼	13⅝	+2½
Wrtler	.15e	2.3	116	7	6½	6½	— ¼
Wyman	.80	4.1	406	20	19¼	19⅝	— ¼
Wyse			1985	14⅛	13½	13¾	— ¼
X							
XL Data			421	19½	18	18	—1½
XOMA			933	12	11	11⅛	— ¾
Xebec			821	2⅝	1⅞	1⅞	
Xicor			6350	6	5⅛	5¾	+ ⅝
Xidex			12545	15⅞	14½	15¼	+ ¼
Xidx wt			918	5	4⅜	4⅝	
Xyvsn			3082	13¾	13¼	13½	— ¼
Y							
YlowF s	.42	1.7	5008	38½	37	37½	— ½
YrkFn s	.68b	2.9	142	21¼	20	20½	— ⅛
Z							
Zehntel			578	3⅝	3⅜	3⅝	— ⅛
ZenNtl	.80	3.4	1309	22⅝	22	22⅝	+ ⅛
Zentec			441	3½	3⅛	3⅛	— ⅛
Zeus			218	6⅝	6	6¼	— ½
Ziegler	.48a	2.8	75	17½	17	17	— ⅛
ZionUt	1.44	3.0	177	47⅝	47¼	47½	— ¼
Zitel			117	2⅝	2⅜	2⅝	+ ⅛
Ziyad			2520	3⅝	3	3⅝	+ ¼
Zondvn		.3	10242	29⅝	22⅝	28½	+4⅝
Zycad			1182	5	4⅝	4⅝	— ¼
Zygo			6	7	6⅝	7	— ½
Zymos			1530	1⅝	1⅜	1⅝	+ ⅛

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Ireland	£Irl.	140	77	42
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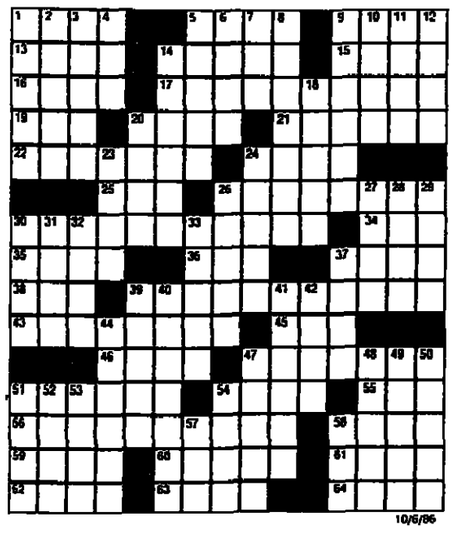

10/6/86

ACROSS

1 Maxims
5 Antitoxins
9 Workplace watchdog agcy.
13 Old Testament book
14 "Get lost!"
15 Chicken house
16 And others: Lat. abbr.
17 Cocktail orders
19 Got together
20 Railroad or bus chaser
21 Siouan tent
22 Trains
24 Policeman's assigned route
25 Shad ——
26 Links party
30 Marquis of —— rules, in boxing
34 Thicken
35 Service branch: Abbr.
36 "—— pro nobis"
37 Willowy
38 Suffix with sheep or wolf
39 Rude, derisory sounds
43 Amino-acids sources
45 Back talk
46 Fade away
47 Shackles
51 Rank
54 Time periods
55 Storage tank
56 "A Tree Grows ——": Smith
58 Rescue
59 Stud-farm newborn
60 Minnesota features
61 Brainstorm
62 H.M.S. Pinafore's crew
63 Textile worker
64 Legendary Swiss hero

DOWN

1 Appears to be
2 Ancient Mexican
3 Infuriation
4 Actor Mineo
5 Glances over
6 Sea eagle
7 Stadium cheer
8 Part of A.A.U.
9 Musical groups
10 Daytime TV fare
11 Put an edge on
12 Church section
14 Greetings
18 Lachrymose
20 Web-footed bird
23 Neighbor of Wash.
24 Cleansing agent
26 Seedless plants
27 Stare at amorously
28 Memorable Israeli stateswoman
29 Stately trees
30 Verbal sally
31 Superpower's initials
32 "Little Sir ——" of songdom
33 U.S. pioneer
37 Calendar abbr.
39 Lotto relative
40 Author Lardner's given name
41 Deterges
42 Shows that have no lows
44 Emulates Clemens
47 Young chicken
48 Escape by artifice
49 "Tzigane" composer: 1915
50 Great bargain
51 Falling-out
52 Wild Asian ox
53 Part of a ski tow
54 Actress Sommer
57 Round Table knight
58 Convene

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DENNIS THE MENACE

"HOW 'BOUT YOU AN' YOUR UKELELE GOIN' TO SCHOOL WITH ME FOR 'SHOW AND TELL'?"

JUMBLE® THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

PIERG

GIHLT

DAHVEL

ANSTUE

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: "◯◯◯◯ ME ◯◯◯◯" (Answers tomorrow)

Friday's Jumbles: PARCH WHILE KITTEN HICCUP
Answer: What a marriage proposal is—A HITCH PITCH

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Algarve	25	77	17	63	fr
Amsterdam	20	68	7	45	fr
Athens	28	82	15	59	fr
Barcelona	26	79	17	63	fr
Belgrade	21	70	8	46	fr
Berlin	15	59	2	36	fr
Brussels	25	77	6	43	fr
Bucharest	20	68	6	43	fr
Budapest	19	66	4	39	fr
Copenhagen	12	54	0	32	cl
Costa Del Sol	29	84	18	64	fr
Dublin	18	64	14	57	c
Edinburgh	18	64	10	50	c
Florence	27	81	13	55	fr
Frankfurt	28	88	6	43	fr
Geneva	23	73	9	48	fr
Helsinki	7	45	1	34	fr
Istanbul	25	77	13	55	fr
Las Palmas	27	81	19	66	fr
Lisbon	25	77	16	61	fr
London	16	61	11	52	fr
Madrid	22	72	12	54	cl
Milan	27	81	13	55	fr
Moscow	—	—	3	38	na
Munich	23	72	4	39	fr
Nice	25	77	17	63	fr
Oslo	8	46	0	32	c
Paris	23	73	15	59	fr
Prague	15	59	1	34	fr
Reykjavik	11	52	7	45	r
Rome	27	81	14	57	fr
Stockholm	11	52	0	32	fr
Strasbourg	16	61	5	41	fr
Venice	25	77	12	54	fr
Vienna	14	61	6	43	fr
Warsaw	12	54	1	34	cl
Zurich	19	66	7	45	fr
MIDDLE EAST					
Ankara	24	75	2	36	fr
Beirut	—	—	—	—	na
Damascus	—	—	18	52	na
Jerusalem	28	82	13	55	fr
Tel Aviv	31	88	15	59	fr
OCEANIA					
Auckland	18	64	13	55	c
Sydney	25	77	11	52	fr

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	33	91	24	75	cl
Beijing	24	79	13	55	fr
Hong Kong	28	82	24	75	fr
Manila	27	81	23	73	fr
New Delhi	32	90	22	72	fr
Seoul	22	72	13	55	fr
Shanghai	22	72	16	61	r
Singapore	28	82	22	72	r
Taipei	28	86	22	72	r
Tokyo	24	75	13	54	fr
AFRICA					
Algiers	27	81	18	64	fr
Cairo	29	84	17	63	cl
Cape Town	23	68	15	59	fr
Casablanca	25	77	15	64	fr
Harare	—	—	13	55	na
Lagos	—	—	24	75	na
Nairobi	—	—	—	—	na
Tunis	30	86	21	70	fr
LATIN AMERICA					
Buenos Aires	19	66	14	57	r
Caracas	26	79	20	68	cl
Lima	—	—	—	—	na
Mexico City	24	75	13	55	fr
Rio de Janeiro	27	81	19	66	cl
NORTH AMERICA					
Anchorage	9	48	1	34	fr
Atlanta	31	88	21	70	fr
Boston	20	68	13	55	pc
Chicago	18	64	7	45	pc
Denver	17	63	2	36	pc
Detroit	16	61	9	48	fr
Honolulu	33	90	24	75	fr
Houston	31	88	25	77	pc
Los Angeles	—	—	—	—	na
Miami	33	91	23	77	fr
Minneapolis	11	52	5	41	fr
Montreal	16	61	12	54	fr
Nassau	32	90	23	73	fr
New York	22	72	17	63	fr
San Francisco	17	63	14	57	fr
Seattle	21	70	11	52	pc
Toronto	19	66	13	55	fr
Washington	26	82	13	55	fr

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Foggy. Temp. 24—8 (75—46). LONDON: Thunderstorms. Temp. 18—12 (64—54). MADRID: Thunderstorms. Temp. 26—12 (79—54). NEW YORK: Partly cloudy. Temp. 17—9 (63—48). PARIS: Foggy. Temp. 23—13 (77—55). ROME: Fair. Temp. 25—14 (77—57). TEL AVIV: N.A. ZURICH: Foggy. Temp. 20—11 (79—52). BANGKOK: Thunderstorms. Temp. 32—23 (90—73). HONG KONG: Fair. Temp. 28—23 (82—73). MANILA: Thunderstorms. Temp. 34—23 (75—73). SEOUL: Foggy. Temp. 22—13 (72—55). SINGAPORE: Thunderstorms. Temp. 28—25 (82—73). TOKYO: Foggy. Temp. 23—18 (73—64).

SPORTS

Righetti Gives Yankees Unequaled Relief

The Associated Press

BOSTON — Dave Righetti set a major-league record with his 45th and 46th saves of the season Saturday as the New York Yankees swept a doubleheader from the Boston Red Sox, 5-3 and 3-1.

With saves in three consecutive games against Boston's American League East champions, Righetti broke the record of 45 set by Kansas City's Dan Quisenberry in 1983 and equaled by St. Louis's Bruce Sutter in 1984.

New York's Don Mattingly went 3-for-5 in the opener Saturday, and homered in five times at bat in the nightcap, leaving him with a .351 average. With one game left, Mattingly trailed Boston's Wade Boggs by six points in the race for the AL batting title. Boggs has missed the last three games with a hamstring injury.

Righetti tied the record by blanking the Red Sox for 1⅓ innings in preserving the 5-3 victory for starter Bob Tewksbury in the first game.

New York's manager, Lou Piniella, then fulfilled a promise to try to get the record for his bullpen ace. With two out and the bases loaded in the ninth inning of the second game, Piniella leaped from the dugout and signaled for Righetti.

Dave Sax popped up a 2-2 pitch and second baseman Willie Randolph made an easy catch to give Righetti the record.

"I feel super," Righetti said afterward. "I was hoping the phone in the bullpen would ring so I could get up and throw. I just had to be careful not to trip on a hole on the way out."

Twins 7, White Sox 3: In Minneapolis, Greg Gagne hit two inside-the-park homers for Minnesota to tie a major-league record for a single game. Several players had done it previously. Chicago's John Cangelosi set a record with his 50th stolen base, topping the AL rookie mark set by Rollie Vider of the White Sox in 1910.

Angels 2, Rangers 0: In Arlington, Texas, John Candelaria and Vern Ruhle combined on a two-hitter and Brian Downing drove in both runs for California. Edwin Correa took the loss despite allowing only two hits. He walked six, three of them in the second inning when the Angels got both of their hits and both of their runs, on Downing's double. The runs were the first Correa had allowed after 25⅓ scoreless innings.

Indians 6, Mariners 5: In Cleveland, Julio Franco homered, doubled and singled and Joe Carter drove in his AL-leading 120th run to send Seattle to its eighth consecutive loss. The losing pitcher, Mark Langston, struck out nine and raised his season total to 245, taking over the league lead from Roger Clemens of Boston.

Royals 2, A's 0: In Oakland, California, Mark Gubicza and Bud Black combined on a five-hitter for Kansas City.

Tigers 11, Orioles 4: In Baltimore, Mike Heath and Kirk Gibson hit three-run homers in the second inning for Detroit.

Reds 10, Padres 7: In the National League, in Cincinnati, Tony Perez hit the 379th home run of his career, a solo shot, to tie Orlando Cepeda's major-league mark for homers by a Latin American player. Kevin McReynolds hit a grand slam for San Diego, but Cincinnati overcame that as Barry Larkin drove in four runs, Eric Davis hit a two-run homer and Dave Parker homered with the bases empty. Perez, 44, was to retire after the Reds' final game Sunday.

Mets 6, Pirates 1; Mets 5, Pirates 2: In New York, the Mets swept a doubleheader from Pittsburgh to reach 107 victories for the season, one shy of the divisional mark set by the 1975 Reds.

Dodgers 2, Giants 1: In Los Angeles, Fernando Valenzuela ended his best season with a five-hitter, and Steve Sax and Ralph Bryant hit run-scoring singles. Valenzuela, 21-11, struck out seven to set a career high for strikeouts in a season, 242; he is second in the NL to Houston's Mike Scott. It was Valenzuela's 20th complete game; he leads the majors.

Astros 3, Braves 2: In Houston, left-hander Jim Deshaies became the first Astros rookie to win 12 games in a season. He worked five scoreless innings.

Cubs 8, Cardinals 7: In Chicago, Brian Dayett and Rafael Palmeiro drove in two runs against St. Louis.

SATURDAY BASEBALL

Astros Set Club Record With 94th Victory

The Associated Press

HOUSTON — The 1986 Houston Astros, already champions of the National League West, have become the most successful team in the 25-year history of the franchise.

Nolan Ryan pitched the Astros to a 6-2 victory over the Atlanta Braves on Friday night that was Houston's 94th triumph of the season, against 66 losses. The victory eclipsed the club record of 93 set in 1980, the only other year the Astros won the NL West title.

Glenn Davis, the slugging first baseman, hit a two-run home run in the fifth inning, his 31st of the year. He has 100 runs batted in.

Ryan scattered five hits, struck out six and walked one. He retired the Braves in order for four innings before Bob Horner led off the fifth with his 27th homer.

Houston took a 3-0 lead in the second against Jim Acker with Craig Reynolds's two-run triple the key hit.

Ryan said afterward that he had been surprised by the way the Astros improved from an 83-victory season and a third-place tie in 1985.

"I wasn't optimistic in the spring because we didn't make any moves over the winter like some other clubs did to improve ourselves," the veteran pitcher said. "This is one of those years that the things that had to happen, happened."

One of the things that happened was the development of Davis.

"I wasn't expecting this at the first of the year," said Davis, the first Houston player to drive in 100 runs since Bob Watson in 1977. "I wanted 90 RBIs and anything else is a bonus."

Reds 6, Padres 3: In Cincinnati, Tony Perez hit a two-run double to help beat San Diego. The RBIs gave him 1,651 for his career, 14th on the all-time list.

Expos 6, Phillies 5: In Philadelphia, Dann Bilardello of Montreal, who entered the game batting .187, hit a three-run homer and scored the winning run in the ninth inning.

Giants 8, Dodgers 2: In Los Angeles, rookie pitcher Kelly Downs of San Francisco scattered seven hits for his fourth consecutive victory.

Rangers 6, Angels 1: In the American League, in Arlington, Texas, rookie Bobby Witt won his seventh straight game for Texas to cap a dramatic turnaround from a 4-9 record. Witt hasn't lost a game since July 21. He allowed California three hits over five innings.

Brewers 4, Blue Jays 1: In Toronto, Bill Wegman combined with two relief pitchers on a four-hitter, although allowing Jesse Barfield's major league-leading 40th homer for Milwaukee.

Tigers 6, Orioles 3: In Baltimore, Kirk Gibson drove in four runs with two homers and two singles for Detroit. The Orioles, 14-40 since pulling within 2½ games of the AL East lead on Aug. 5, were assured of a last-place finish for the first time since moving to Baltimore in 1954.

Indians 6, Mariners 5: In Cleveland, Chris Bando singled home the winning run with one out in the ninth to beat Seattle. Pat Tabler, who scored the clincher, also hit a two-run homer in Cleveland's five-run seventh that tied the game.

Twins 9, White Sox 2: In Minneapolis, Steve Lombardozzi hit a grand slam homer during a six-run fourth inning for Minnesota.

Royals 8, A's 4: In Oakland, California, Charlie Leibrandt and Dan Quisenberry combined on an eight-hitter and Jamie Quirk and Frank White homered for Kansas City.

FRIDAY BASEBALL

Phil Niekro's Steal Was Not for Real

The Associated Press

CLEVELAND — Phil Niekro, the 47-year-old pitcher who has won 311 games in the major leagues, added another accomplishment to his illustrious career Saturday.

The Cleveland Indians knuckleballer stole his first base — a literal steal that will, however, not count in the record books.

The Indians were leading Seattle, 5-2, and batting in the bottom of the eighth inning when Jay Bell stepped out of the batter's box. Suddenly Niekro, in uniform and wearing a red napkin over his face like a mask, burst out of Cleveland's dugout beside first base.

Niekro ran toward second base and dove head first into the bag. He looked up at umpire Vic Voltaggio, who gave a safe signal, then pulled the bag out of the ground and Niekro sprinted to the dugout, holding the base, as the crowd of 11,991 cheered.

Niekro did not play in the game, which Cleveland won, 6-5.

The Indians third baseman, Brook Jacoby, said, "we had it set up starting in the seventh inning that if somebody got on base, the batter would stall a little to let Knuckie get out there."

■ Seaver Out of Playoffs

The Red Sox announced Saturday that Tom Seaver would not be included in their playoff roster because of a strained right knee he suffered Sept. 19, the Los Angeles Times reported from Boston.

The 41-year-old Seaver said he would continue to take therapy and attempt to pitch on the sidelines in the hope that he would be ready for the World Series, if the Red Sox qualify. The playoff roster can be amended for the World Series.

Al Nipper will start Game 4 of the playoff against the California Angels, if the Red Sox are ahead 3-0 or 2-1. Roger Clemens could pitch on three days' rest if the Red Sox trail, manager John McNamara said.

Clemens removed any doubt about his starting for Boston in Tuesday night's opening game of the playoffs by throwing without pain for 20 minutes in the bullpen.

PEANUTS

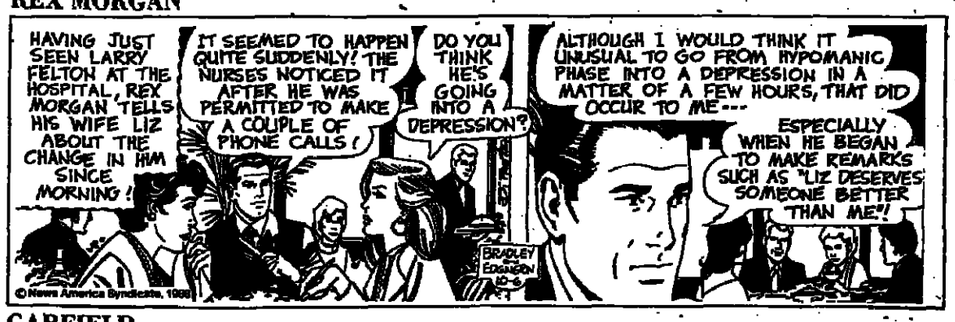
BLONDIE

BEETLE BAILEY

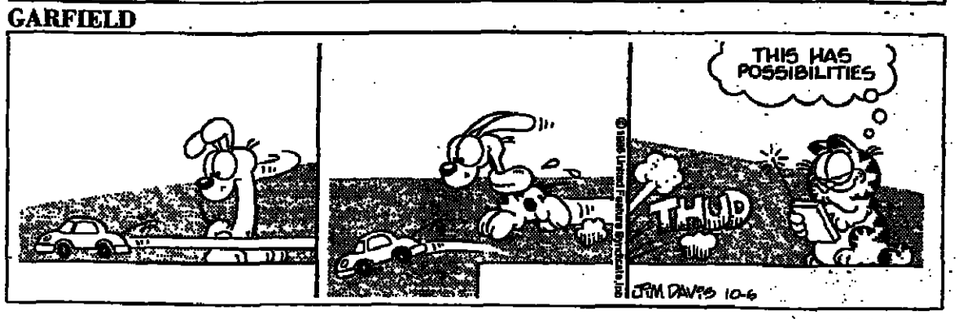
ANDY CAPP

WIZARD of ID

REX MORGAN



GARFIELD



BOOKS

CITIES ON A HILL: A Journey Through Contemporary American Cultures

By Frances FitzGerald. 414 pp. $19.95. Simon & Schuster, 1230 Avenue of the Americas, New York, N. Y. 10020.

Reviewed by Richard Critchfield

"We must consider that we shall be a City Upon a Hill, the eyes of all people upon us,' John Winthrop told his Puritan company crossing the Atlantic to found the Massachusetts Bay Colony. The remarkable thing was that four centuries later Americans were still self-consciously building cities on a hill."

With this, Frances FitzGerald launches us into four absorbing accounts of contemporary communities, all, she feels, exemplifying the old American habit of trying to start over. Her choices: the Castro, San Francisco's gay community; Liberty Baptist, Jerry Falwell's church in Lynchburg, Virginia; Sun City, a Florida retirement town; and Rajneeshpuram, the Indian guru's ex-commune in Oregon.

"Cities on a Hill" advances the idea that American society, so big, diverse and kaleidoscopic, has never been able to agree on just exactly what its culture should be. Without a consensus on social conduct and values, FitzGerald suggests with wit and telling detail, groups of people have kept dropping what they are doing, taking off, and experimenting culturally with something new.

Her four community portraits make up most of the book. The rise and fall of gay liberation is perhaps FitzGerald's best. Here she captures the Fellini-like mood of a Gay Freedom Day Parade in 1978: "The clown drifted off, and I turned to watch a man in a Batman cape and a sequined jockstrap roller-skating by. He had the torso of a dancer, and he moved with liquid, dreamlike movements, crossing and recrossing the street. He glided through the Lutheran contingent and then swept through another group of clergymen carrying large placards of Christ on the cross. At the intersection he looped around a yellow taxicab filled with young women in T-shirts. The young women were leaning out of the windows cheering and bouncing around a sign that read 'LESBIAN TAXI DRIVERS OF SAN FRANCISCO.'"

She tells how tens of thousands of homosexual young men moved into San Francisco in the 1970s, settling in the Castro neighborhood, where they created an all-gay society with its own commerce, churches, policemen, politics, sexual mores and styles of dress ("short hair, clipped mustache, blue jeans and bomber jacket"). In time, as tourists poured in and gays flocked to bars and bath houses in a sexual free-for-all, it got out of hand. Harvey Milk, an elected gay city official, was gunned down along with the mayor, George Moscone. When the killer, Dan White, who later committed suicide, got off with "voluntary manslaughter," there were riots.

In her story of Falwell's church, FitzGerald explores the fundamentalist revival, asking why churches that preach the literal truth of the Bible and the coming Armageddon are making so many converts. She herself doubts that, as in the Islamic world, it is a reaction against cultural disruption. That is how Jerry Falwell himself sees it. FitzGerald reports his fear that older values, such as the family, are about to be lost in the stampede toward feminism, divorce, pornography, drugs, abortion, gay liberation and the like.

Her report on Sun City is shorter and less entertaining than the others, but its findings are significant. Average life expectancies rose between 1900 and 1980 from 47.3 to 73.6 years. Less known is that this was mainly due to falls in infant, childhood and maternal mortality and that the average man of 60 lives just three years longer now than he did in 1900.

But he is retiring as soon as he can. FitzGerald found that in 1981 only 68 percent of all men between 55 and 59 kept working and just under half of those between 60 and 64. In 1981 57 percent of all male retirees went on Social Security pensions before they were 65. FitzGerald: "Americans now in their sixties and seventies are surely the first generation of healthy, economically independent retired people in history-and, in the absence of significant economic growth, they may well be the last one."

Fitzgerald devotes the most space to her tale of Rancho Rajneesh, the notorious New Age commune in Oregon. The saga of the Indian guru and his dozens of Rolls-Royces and red-clad disciples makes enthralling reading, even if it does not fit too comfortably into her overall conception. FitzGerald also has a bit of what anthropologists call an "inside-outside" problem. In her other portraits, we know she is not a fundamentalist, elderly or gay. But she is a highly-educated American who grew up with the counterculture of the 1960s, just like so many of the doctors, lawyers, accountants, psychotherapists and social workers who become Rajneeshees.

In the end, of course, Rajneesh gets his comeuppance as a foxy charlatan and the commune goes down in ruins and lawsuits.

The defects of "Cities on a Hill" pale beside this fine reporter's achievement. You just do not notice them, or if you do, it is only to be annoyed that such a good book should have any flaws at all.

Richard Critchfield, the author of "Those Days: An American Album" and "Villages," wrote this review for The Washington Post.

Solution to Friday's Puzzle

A	P	S	E		A	C	T	I	O	N		P	C	T
S	A	T	E		M	A	R	G	I	E		E	L	A
S	T	A	N	D	U	P	A	N	D	C	H	E	E	R
E	A	T		E	L	E	M	I		K	A	R	A	T
S	T	U	N	N	E	R		T	E	S	S	E	R	A
S	A	R	A	N		S	P	I	T		T	S	A	R
	S	E	M	I	S		O	O	H		E	S	S	
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	C	A	S		N	O	N		S	A	M	B	A	
M	A	S	H		G	E	T	A		M	E	L	B	A
I	N	C	I	S	E	D		G	R	A	D	U	A	L
S	T	R	E	P		A	L	E	U	T		E	L	I
L	I	E	D	O	W	N	O	N	T	H	E	J	O	B
E	N	A		R	E	C	O	D	E		R	A	N	I
D	A	M		T	H	E	M	A	N		A	Y	E	S

10/4/86

BRIDGE

By Alan Truscott

On the diagramed deal in the first round of the women's open pair final at the world championships in Miami Mrs. Jacqui Mitchell and Judge Amalya L.Kearse, both of Manhattan, found themselves facing their closest challengers. Sitting East on the diagramed deal was Dorothy Truscott of the Bronx and West was Margi Gwozdzinsky of Manhattan. Mrs. Mitchell and Ms. Truscott were teammates for many years, winning three world titles together.

The opening two-diamond bid was strong and artificial, and led to an optimistic six no-trump contract. To her subsequent regret, East had taken advantage of the vulnerability to bid diamonds and suggest a lead to her partner.

West duly led a diamond, giving Judge Kearse an opportunity that she was quick to seize. After winning with dummy's diamond ace she surrendered a heart trick, preparing for a potential squeeze. When she regained the lead and ran her club winners the defense was helpless.

West was trying to guard spades and East diamonds. As a result neither could guard hearts, and dummy's heart 10 won the last trick to fulfill the slam. Without the indication from the bidding West would probably have led a spade, allowing a second spade to be led later to destroy South's squeeze chances by attacking her communications.

This deal was an indication of things to come: Mrs. Mitchell and Judge Kearse advanced further at the head of the standing, while their opponents started on a downward slide.

NORTH
♠ K 9 8
♡ A 10 5
◇ A
♣ A K Q J 8 5

WEST (D)
♠ J 10 7 3 2
♡ Q 8 7 3
◇ 8 6 3
♣ 3

EAST
♠ Q 4
♡ K J 4
◇ Q J 10 4 2
♣ 10 7 2

SOUTH
♠ A 6 5
♡ 9 6 2
◇ K 9 7 5
♣ 9 6 4

North and South were vulnerable.

The bidding:

West	North	East	South
Pass	2 ◇	Pass	2 N.T.
Pass	3 ♣	3 ◇	3 N.T.
Pass	6 N.T.	Pass	Pass
Pass			

West led the diamond three.

SPORTS

Irish Luck Runs Out Against Alabama

The Associated Press

NEW YORK — Second-ranked Alabama broke a four-game losing streak against Notre Dame on Saturday as Mike Shula threw three touchdown passes during a 28-10 college football victory over the Fighting Irish.

By beating Notre Dame, Alabama accomplished something it was unable to do in four tries under its famous coach Bear Bryant.

"If I could, I'd be more than happy to give my part of the excitement of winning this game and dedicate it to him," said Ray Perkins, who played for Bryant in the mid-1960s and succeeded him at Alabama in 1982, shortly before Bryant's death.

With Greg Richardson returning a punt 66 yards and Shula throwing scoring passes of 52 and 22 yards to flanker Al Bell and 11 yards to tight end Howard Cross, Alabama erased much of the disappointment of those four defeats.

Two of the four losses came in bowl games that cost previously undefeated Alabama teams national championships in 1973 and 1974. Alabama also felt it deserved national championships that instead were voted to Notre Dame in 1966 and 1977.

Alabama, 5-0 this season and unbeaten in its last 11 games, made Notre Dame's Lou Holtz 1-3 in his first year coaching the Irish.

Miami 34, Northern Illinois 0: Vinny Testaverde passed for two touchdowns and ran for another in the first half as Miami celebrated its new status as No. 1. Testaverde was 12-of-16 passing for 208 yards with no interceptions.

Nebraska 27, South Carolina 24: Steve Taylor's 11-yard scoring pass to Todd Millikan with 1:26 remaining, and a final stand by the Nebraska defense, got the third-ranked Cornhuskers a victory.

Michigan 34, Wisconsin 17: Bo Schembechler got career coaching victory No. 200 as No. 4 Michigan beat Wisconsin when Jim Harbaugh became the first Wolverines quarterback to pass for 300 yards in a game. He completed 15 of 24 passes for 310 yards.

Penn State 31, Rutgers 6: The No. 5 Lions won with quarterback John Shaffer throwing for one touchdown and setting up two; he was 13-of-20 passing for 154 yards.

Oklahoma 56, Kansas St. 10: Reserve quarterback Eric Mitchel rushed for 126 yards, scored two touchdowns and passed for another for No. 6 Oklahoma. He started in place of Jamelle Holieway, who had a bruised shoulder.

Auburn 55, Western Carolina 6: James Joseph had two touchdowns as No. 7 Auburn rolled up 41 points in the first half.

Southern Cal 35, Oregon 21: Rodney Peete completed 11 of 13 first-half throws for 202 yards and a touchdown for a 35-7 lead, and the ninth-ranked Trojans held off an Oregon rally in the second half despite losing five fumbles.

Arkansas 34, TCU 17: Two fourth-quarter touchdown runs by quarterback Greg Thomas led the unbeaten, eighth-ranked Razorbacks.

U.S. COLLEGE FOOTBALL

Iowa 24, Michigan St. 21: No. 11 Iowa's defense forced five turnovers by No. 17 Michigan State, and backup quarterback Tom Poholsky completed 18 of 29 passes for 240 yards and two touchdowns. The Spartans drove to the Hawkeyes' 4-yard line with 1:25 left, but were intercepted.

Washington 50, California 18: No. 12 Washington intercepted six California passes.

Arizona State 16, UCLA 9: An 11-yard touchdown pass from Jeff Van Raaphorst to Bruce Hill with 14:24 left gave the No. 16 Sun Devils their first victory ever over the No. 15 Bruins.

San Jose State 45, Fresno State 41: Mike Perez passed for five touchdowns and the Spartans scored twice in the final 42 seconds against No. 19 Fresno State to end the nation's longest major college unbeaten streak at 15 games.

Kim Kulish/The Associated Press

Alabama tackler Cornlius Bennett beat a block and battered quarterback Steve Beurlein for an eight-yard loss as the No. 2-ranked Crimson Tide beat Notre Dame for the first time.

Eagles Top Falcons, 16-0, To Upset 2d Straight Foe

The Associated Press

ATLANTA — Junior Tautalatasi and Ron Johnson turned short passes into long gains that set up two scores Sunday as the Philadelphia Eagles handed the Atlanta Falcons their first loss of the National Football League season, 16-0.

That ended Atlanta's six-game winning streak over two seasons, while the Eagles went to 2-3 with their second upset victory in a row. It was Philadelphia's fifth straight game against an undefeated opponent.

After netting only 23 yards on their first four possessions, the Eagles still scored first, on Ron Jaworski's eight-yard pass to Mike Quick, who made a diving, one-handed catch in the right corner of the end zone with 4:12 left in the first half.

The score was set up when Tautalatasi ran 56 yards to the Atlanta 18 after taking a short pass from Jaworski and breaking two tackles.

Johnson raced 39 yards to the Atlanta 26 after his short reception from Jaworski, setting up Paul McFadden's 31-yard field goal that gave the Eagles a 10-0 lead two seconds before halftime.

The Falcons had opportunities to take control early, but failed to score despite twice getting inside the Philadelphia 10 and twice reaching the 26.

Redskins 14, Saints 6: In New Orleans, George Rogers pounded his former teammates for 110 yards and a touchdown to keep Washington undefeated.

Rogers' third-quarter touchdown gave him seven for the season, best in the NFC.

Bears 23, Vikings 0: In Chicago, Jim McMahon threw a 58-yard touchdown pass to Keith Ortego

NFL ROUNDUP

early in the fourth quarter after the McMahon-Ortego combination struck for a 49-yard pass in the second quarter to set up a two-yard touchdown run by Walter Payton. Kevin Butler kicked three field goals.

The Bears' defense intercepted two passes by Tommy Kramer and sacking the Viking quarterback seven times for losses of 49 yards.

Patriots 34, Dolphins 7: In Foxboro, Massachusetts, Tony Eason threw two touchdown passes against the young and wounded Miami defense as New England scored on five of its six first-half possessions.

Miami's Dan Marino, intercepted an NFL career-high four times a week earlier, had three passes picked off by the Patriots.

New England led by 27-0 at halftime in ending a two-game losing streak. Miami lost its third straight and is 1-4, its worst start since Don Shula became coach in 1970.

Eason threw touchdown passes of 2 yards to Willie Scott and 38 yards to Irving Fryar before suffering bruised and possibly fractured ribs in the last minute of the first half, when he was sacked by Mack Moore.

Giants 13, Cardinals 6: In St. Louis, strong safety Kenny Hill intercepted a pass by Neil Lomax in the third quarter and Joe Morris followed a long penalty with a one-yard scoring for New York.

The Giants drove 55 yards to the game's only touchdown, getting 31 yards when St. Louis cornerback Lionel Washington was flagged for pass interference. Morris scored one play later, and the Giants' defense withstood a late drive to its six.

Lions 24, Oilers 13: In Pontiac, Michigan, James Jones ran for 76 yards and two touchdowns as Detroit beat Houston despite an NFL career-high 398 yards passing by the Oilers' quarterback, Warren Moon.

Moon was 21-of-38 passing, throwing five for 155 yards to wide receiver Ernest Givins and one of 81 yards for a touchdown to Drew Hill. But he was intercepted three times.

Browns 27, Steelers 24: In Pittsburgh, Ernest Byner ran four yards for the deciding touchdown following a fourth-period fumble by the Steelers, and Cleveland ended a 17-season jinx at Three Rivers Stadium.

Gerald McNeil scored on a 100-yard kickoff return as the Browns withstood three fumbles that led to Steelers' scores and won in Pittsburgh for the first time since 1969, when the Steelers played at Pitt Stadium.

Raiders 24, Chiefs 17: In Kansas City, Missouri, Jim Plunkett passed for the go-ahead touchdown and Los Angeles, helped by a "communications breakdown" when the video replay official tried to disallow a score, rallied to post a wild, brawling victory.

A pressbox announcement during the game said that Jack Reader, the official in the video replay booth, had ruled that Doakie Williams was out of bounds on a 12-yard touchdown pass from Marc Wilson in the second period. But umpire Jim Keck "had a communications breakdown" with the booth and mistakenly let the play stand, the announcement said.

Bengals 34, Packers 28: In Milwaukee, Boomer Esiason passed for two touchdowns and James Brooks ran for two in a 27-point second quarter for Cincinnati.

Asian Games Success, Especially for Seoul

By Allan Kelly
Agence France-Presse

SEOUL — The 10th Asian Games came to a fitting end Sunday as a capacity crowd of 100,000 packed the elegant Olympic stadium to cheer on South Korea to the soccer gold.

That 2-0 victory over Saudi Arabia left the Koreans one title short of dethroning China as Asia's top sports power. But the 16 days of competition did prove that the days were over when the Chinese and Japanese had it all their own way.

On the political front, South Korea failed to attract most of the Communist nations of Asia, and in particular the North Koreans. But that was never in the cards.

However, 27 out of the 36 members of the Olympic Council of Asia turned up, with the big catch being the huge delegation from China, which does not have diplomatic relations with Seoul.

South Korean authorities played down the Chinese participation, but that, plus the lukewarm response from the Soviet Union and its East European allies to North Korea's calls for a boycott, augurs well for the 1988 Olympics, which are to be held in Seoul.

The Asian Games infrastructure was impressive, the organization capable and the public enthusiastic, if at times too hungry for triumphs.

They had plenty to cheer about. Before the games began, the Koreans had put their athletes through months of intensive training and had promised lucrative cash rewards *to be paid into special funds.*

The target was not so much to dethrone China, the top nation at the last games, in New Delhi four years ago, as it was to displace Japan as second best.

Seoul was assured of its goal by the halfway point. Then began a thrilling title chase after the powerful Chinese. The South Koreans' gold rush swept on in their own martial arts invention of tae kwon do; in judo, where they eclipsed the formerly reigning Japanese, and in boxing, where outright aggression brought the hosts an unprecedented 12 of 12 titles.

By the final day, South Korea and China were even, with each having won 92 golds. Only the silver tally separated them.

Korean hopes, however, were quickly dashed as China's in-depth strength proved decisive in the two 4X100-meter relay races. The soccer gold made the final gap the narrowest possible: 94 for China, 93 for South Korea and 58 for Japan.

The standard of competition, in world terms, varied at the games. In the showpiece sports of athletics and swimming, the gap between Asian best and world best was still large. But in such sports as table-tennis, judo and archery, the level was well up to Olympic standard.

The games also brought forth some stars who could take the limelight again in 1988.

Among them were gymnast Li Ning of China, who had made his mark with a triple gold medal triumph at the Los Angeles Olympics two years ago. Here he failed to sweep all seven golds, but his four titles, including the individual all-round, was proof that he is still near his best.

India's P.T Usha was the star of the track with four golds. She now will concentrate on her favorite, the 400-meters hurdles, for 1988.

In the swimming pool, China's Yan Ming was outstanding and is now hard on the heels of the top East German and U.S. swimmers.

Norman Wins Match Play By Beating Nicklaus, Lyle

The Associated Press

WENTWORTH, England — Greg Norman of Australia won his third World Match Play golf title Sunday, beating Sandy Lyle of Scotland, 2 and 1.

Norman, the leading money winner on the U.S. circuit this year and the match play champion in 1980 and '83, opened a commanding lead against Lyle, then fought off a challenge before ending the match at the 35th hole.

The final, over the par-72 Wentworth West course, was a contest between the winners of the last two British Opens. Lyle, last year's titlist, struggled to make up for a poor start in which he bogeyed four of the first nine holes.

Norman opened a six-hole lead, which Lyle had cut to one by the 34th. But he conceded defeat after failing to recover from a disastrous tee shot at the 35th.

Jack Nicklaus of the United States won a playoff for third place, beating Rodger Davis of Australia, 2 and 1.

Norman had defeated Nicklaus on the final hole of their semifinal Saturday. Lyle beat Davis, 2 and 1.

After his victory, Norman said he would not play the tournament again because of the hostile reception he received from the pro-Lyle British fans.

"I was very disappointed with the attitude of the fans," he said. "I know Sandy is their favorite, but there is no need to make noises and movements in the middle of my backswing."

He said some fans banged the metal supports as he was about to tee off at the ninth, and others clapped when he missed putts.

"I didn't feel like I won a golf tournament, I felt like I won a battle," Norman said.

"I am going to draw the line and not come back to defend my title."

The Associated Press

Jack Nicklaus, right, watched a drive by Greg Norman in the semifinals. Norman won the match on the last hole.

Sweden Gains Cup Final; U.S. Stays in Contention

The Associated Press

PRAGUE — Mikael Pernfors and Stefan Edberg completed a crushing victory over Czechoslovakia on Sunday as Sweden advanced to the final of the Davis Cup tennis competition for the fourth consecutive year.

In the other semifinal, in Brisbane, Paul Annacone and Ken Flach of the United States received a standing ovation Sunday from Australian spectators when they kept U.S. hopes alive with a grueling, five-set victory over Australia's Pat Cash and John Fitzgerald in a five-hour doubles match.

With their team trailing by 2-1 in matches, *Flach and Annacone* edged the strongly favored Australians, 8-10, 1-6, 7-5, 13-11, 9-7 in one of the most memorable Davis Cup doubles matches of recent times.

The Americans trailed, 2 sets to 1, when play was suspended Saturday after a dormant Davis Cup rule was enacted that restricts play to seven hours per day.

Pernfors, a last minute-substitution for the ailing Kent Carlsson, consistently outmaneuvered Milan Srejber to win, 5-7, 6-0, 6-0, 7-5, and give Sweden an unbeatable 3-1 lead in that five-match series. Edberg then crushed Miloslav Mecir, 6-4, 9-7.

Carlsson withdrew after complaining of lower back pains during practice Sunday.

"I lost it by serving badly," Srejber, said. "On the other hand, Pernfors was returning excellently my first and strongest serves, and *was successful in lobbing past me.*"

The victory put Sweden in the final that begins Dec. 19 against the winner of the Australia-U.S. semifinal. Sweden lost to Australia in the 1983 final, then won the prestigious trophy in 1984 and again last year.

SCOREBOARD

Tennis

Davis Cup

All Best-of-Five Matches
SEMIFINALS
(At Brisbane, Australia)

Pat Cash, Australia, def. Tim Mayotte, U.S., 4-6, 6-1, 6-2, 6-2; Paul Annacone and Ken Flach, U.S., def. Cash and John Fitzgerald, 8-10, 1-6, 7-5, 13-11, 9-7; Australia leads, 2-1

(At Prague, Czechoslovakia)

Kent Carlsson, Sweden, def. Miloslav Mecir, 6-0, 6-2, 6-4; Stefan Edberg def. Milan Srejber, 3-6, 6-4, 6-3, 4-6, 7-5; Mecir and Tomas Smid, Czechoslovakia, def. Anders Jarryd and Edberg, 7-5, 6-2, 6-4; Michael Pernfors, Sweden, def. Milan Srejber, Czechoslovakia, 5-7, 6-0, 6-0, 7-5; Edberg, Sweden, def. Mecir, 6-4, 9-7; Sweden wins 4-1

WORLD GROUP PLAYOFFS
(At Barcelona, Spain)

Fernando Luna, Spain, def. Steve Guy, New Zealand, 6-3, 9-7, 6-1; Emilio Sanchez, Spain, def. Bruce Derlin, 6-2, 6-0, 6-1; Luna def. Bruce Derlin, 6-4, 8-6; Sanchez def. Steve Guy, 3-6, 6-2, 3-0; Spain wins, 5-0

(At Essen, West Germany)

Boris Becker, West Germany, def. Raul Viver, Ecuador, 6-4, 6-4, 10-8; Eric Jelen, West Germany, def. Andres Gomez, 6-4, 6-3, 7-9, 7-5; Jelen and Becker def. Viver and Gomez, 6-2, 6-1, 6-4; Becker def. Gomez, 7-5, 6-2; West Germany wins, 5-0

(At St. Gall, Switzerland)

Amos Mansdorf, Israel, def. Heinz Guenthardt, Switzerland, 7-5, 6-3; Israel wins, 4-1

(At Montpellier, France)

Thierry Tulasne, France, def. Thomas Muster, Austria, 4-6, 6-3, 3-6, 7-5, 6-2; Henri Leconte and Guy Forget, France, def. Muster and Alex Antonitsch, 6-4, 6-3, 6-2; Leconte def. Muster, 6-4, 6-2; Horst Skoff, Austria, def. Tulasne, 2-6, 6-4, 6-3; France wins, 4-1

(At New Delhi)

Ramesh Krishnan, India, def. Andrei Chesnokov, Soviet Union, 6-4, 6-4; Alexander Volkov, Soviet Union, def. Vasu Devan, 3-6, 7-5, 6-2; India wins, 4-1

(At Santiago, Chile)

Horacio de la Pena, Argentina, def. Hans Gildemeister, Chile, 6-3, 7-9, 6-2, 10-8; Martin Jaite, Argentina, def. Pedro Rebolledo, 6-2, 6-3, 6-2; Gildemeister and Ricardo Acuna def. Javier Frana and Cristian Miniussi, 6-2, 3-6, 6-3, 3-6, 9-7; Argentina leads, 2-1

(At Asuncion, Paraguay)

Victor Pecci, Paraguay, def. Michael Tauson, Denmark, 6-3, 6-2, 6-1; Peter Bastiansen, Denmark, def. Francis Gonzalez, 7-5, 6-4, 6-8, 6-3; Pecci and Gonzalez def. Michael Mortensen and Morten Christensen, 6-4, 6-1, 5-7, 6-2; Paraguay leads, 2-1

Men's Tournaments

(At Palermo, Italy)
Singles Semifinals

Ulf Stenlund, Sweden, def. Simone Colombo, Italy, 6-3, 6-7, 6-2; Pablo Arraya, Peru, def. Claudio Mezzadri, Italy, 6-1, 6-2

Final

Stenlund def. Arraya, 6-2, 6-3

Women's Tournaments

(At Leerdrecht, Netherlands)
Singles Final

Helena Sukova, Czechoslovakia, def. Catherine Tanvier, France, 6-2, 7-5

(At New Orleans)
Singles Semifinals

Martina Navratilova, U.S., def. Zina Garrison, U.S., 6-3, 4-6, 6-3; Pam Shriver, U.S., def. Gabriela Sabatini, Brazil, 7-6, (7-3), 6-3

Baseball

Friday's and Saturday's Major League Line Scores

FRIDAY'S RESULTS
AMERICAN LEAGUE

Milwaukee 002 100 010—4 9 1
Toronto 000 000 100—1 4 0

Wegman, Johnson (7), Plesac (9) and Schroeder; Clancy, Eichhorn (8) and Whitt, Martinez (8). W—Wegman, 5-12. L—Clancy, 14-14. Sv—Plesac (14). HRs—Milwaukee, Manning (8). Toronto, Barfield (40).

Detroit 202 020 000—6 10 0
Baltimore 020 001 000—3 8 0

Terrell, King (8) and Heath; McGregor, Habyan (4) and Stefero. W—Terrell, 15-12. L—McGregor, 11-15. HRs—Detroit, Whitaker (20), Gibson 2 (27). Baltimore, Ripken (25).

Chicago 200 000 000—2 4 0
Minnesota 002 610 00x—9 10 0

Dotson, Filson (4) and Korkovice; Smithson, Portugal (9) and Salas. W—Smithson, 13-14. L—Dotson, 10-17. HRs—Chicago, Boston (4). Minnesota, Lombardozzi (8), Puckett (31), Gagne (10).

Seattle 001 300 100—5 9 1
Cleveland 000 000 501—6 11 0

Morgan, Ladd (7), Nunez (7), Young (7), Trujillo (8) and S.Bradley; Schrom, Oelkers (7), Jones (8), Wills (9) and Bando. W—Wills, 4-4. L—Trujillo, 3-2. HRs—Seattle, Presley (27), Hengel (1). Cleveland, Clark (3), Tabler (6).

California 000 100 000—1 3 1
Texas 001 200 03x—6 9 0

McCaskill, Moore (8) and Narron, Miller (7); Witt, Williams (6). Harris (9) and Slaught, Mercado (8). W—Witt, 11-9. L—McCaskill, 17-10. Sv—Harris (20). HR—California, Jones (17). Texas, Kunkel (1).

Kansas City 010 410 002—8 8 0
Oakland 100 000 012—4 6 2

Leibrandt, Quisenberry (9) and Quirk; Andujar, Plunk (6), Leiper (9) and Tettleton. W—Leibrandt, 14-11. L—Andujar, 12-7. HRs—Kansas City, Quirk (8), White (22).

NATIONAL LEAGUE

San Diego 020 000 000—2 10 4
Cincinnati 010 400 01x—6 5 0

Wojna, Hoyt (4), Booker (6) and Parent, Santiago (6); Power, Robinson (8), Franco (9) and Diaz, Butera (9). W—Power, 10-6. L—Wojna, 2-2. Sv—Franco (28).

Atlanta 000 010 010—2 7 1
Houston 000 020 02x—4 9 0

Acker, Olwine (8) and Benedict; Ryan, Darwin (8), Kerfeld (9) and Ashby. Wine (7). W—Ryan, 12-8. L—Acker, 5-8. HRs— Atlanta, Horner (27). Houston, Davis (31).

Montreal 000 041 001—6 10 1
Philadelphia 300 002 000—5 10 0

Valdez, Burke (6), McGaffigan (6), St. Claire (9) and Bilardello; K.Gross, Hume (7), Schatzeder (8), Tekulve (8) and Russell. W—McGaffigan, 10-5. L—Tekulve, 11-5. Sv—St. Claire (1). HR—Montreal, Bilardello (4).

San Francisco 400 001 000—5 16 1
Los Angeles 000 000 110—2 7 1

Downs and Ouellette; Welch, Galvez (6), Vande Berg (7), Howell (9) and Scioscia, Fimple (8). W—Downs, 4-4. L— Welch, 7-13. HR—Los Angeles, Bryant (6).

Second Game

Pittsburgh 000 110 000—2 4 0
New York 200 201 00x—5 14 1

Patterson, Walk (5), Krawczyk (6), Robinson (8) and Ortiz; Aguilera, Niemann (6), McDowell (7). W—Aguilera, 10-7. L—Patterson, 2-3. Sv—McDowell (22). HR—Pittsburgh, Ray (7).

Atlanta 000 000 020—2 7 1
Houston 001 020 00x—3 7 1

Smith, McMurtry (5), Dedmon (7) and Virgil; Deshaies, Andersen (6), Lopez (8) and Ashby, Mizerock (6). W—Deshaies, 12-5. L—Smith, 8-16. Sv—Lopez (7).

St.Louis 020 012 101—7 14 0
Chicago 011 221 00x—8 12 1

Forsch, Boever (5), Perry (5), Soff (6), Earley (8) and LaValliere; Trout, Lynch (5), DiPino (7), Sanderson (8), Smith (9) and Davis. W—Lynch, 7-5. L—Forsch, 14-10. Sv—Smith (31). HRs—St. Louis, Lopo (3), Van Slyke (13). Chicago, Dayett (3).

San Diego 004 100 002—7 10 0
Cincinnati 032 100 22x—10 11 0

Whitson, Wolter (3), LaPoint (4), Gossage (7), Vosberg (8), Stoddard (8) and Santiago; Gullickson, Murphy (7), Landrum (9), Franco (9) and Butera. W—Gullickson, 15-12. L—LaPoint, 1-4. Sv—Franco (29). HRs—San Diego, McReynolds (26). Cincinnati, Parker (31), Perez (2), Davis (27).

San Francisco 000 000 100—1 5 0
Los Angeles 002 000 00x—2 5 1

Grant, Bockus (8) and Melvin; Valenzuela and Scioscia. W—Valenzuela, 21-11. L—Grant, 0-1.

Montreal 201 010 000 000 00—4 13 2
Philadelphia 003 000 010 000 01—5 17 3

Tibbs, Brown (6), McClure (7), Reardon (8), St. Claire (9), McGaffigan (11), Roberge (12) and Bilardello; Bittiger, Hudson (4), Hume (5), Tekulve (8), Bedrosian (11), Schatzeder (13) and Russell.

SATURDAY'S RESULTS
AMERICAN LEAGUE
First Game

New York 000 021 200—5 12 1
Boston 030 000 000—3 5 0

Tewksbury, Righetti (8) and Skinner; Boyd, Crawford (6), Woodward (7), Sambito (8), Stanley (9) and Gedman, Sullivan (2). W—Tewksbury, 9-5. L—Crawford, 0-2. Sv—Righetti (45).

Second Game

New York 110 000 010—3 11 1
Boston 000 010 000—1 5 0

Rasmussen, Fisher (7), Righetti (9) and Skinner; Nipper, Schiraldi (8) and Sax. W—Rasmussen, 18-6. L—Nipper, 10-12. Sv—Righetti (46). HRs—New York, Randolph (5), Mattingly (30).

Kansas City 000 020 000—2 9 0
Oakland 000 000 000—0 5 1

Gubicza, Black and Sundberg; Stewart and Willard, Tettleton (8). W—Gubicza, 12-6. L—Stewart, 9-5. Sv—Black (9).

Chicago 100 001 100—3 9 1
Minnesota 120 301 00x—7 11 0

Bannister, Nelson (4) and Hassey; Blyleven and Laudner. W—Blyleven, 17-14. L—Bannister, 10-14. HRs—Chicago, Boston (5). Minnesota, Laudner (10), Gagne 2 (12).

California 020 000 000—2 2 0
Texas 000 000 000—0 2 0

Candelaria, Ruhle (7) and Boone; Correa and Mercado, Petralli (9). W—Candelaria, 10-2. L—Correa, 12-14. Sv—Ruhle (1).

Seattle 001 001 003—5 9 1
Cleveland 000 410 01x—6 13 1

Langston and Kearney; Swindell, Camacho (9) and Allanson. W—Swindell, 5-2. L—Langston, 12-14. Sv—Camacho (20). W—Swindell, 5-2. L—Langston, 12-14. Sv— Camacho (20). HRs—Seattle, Valle (5). Cleveland, Franco (10).

Detroit 060 300 002—11 15 0
Baltimore 200 001 001—4 11 1

Kelly, O'Neal (5) and Heath; Bell, Jones (2), Snell (4) and Stefero. W—Kelly, 1-2. L—Bell, 1-2. Sv—O'Neal (2). HRs—Detroit, Heath (4), Gibson (28), Herndon (8). Baltimore, Shelby 2 (11), Traber (12).

NATIONAL LEAGUE
First Game

Pittsburgh 000 000 100—1 4 3
New York 000 210 02x—6 9 1

Fansler, Winn (5), Clements (5), McWilliams (8) and T.Pena; Ojeda, Sisk (7), Orosco (8) and Hearn. W—Ojeda, 18-5. L—Fansler, 0-3. Sv—Orosco (21).

Major League Standings

AMERICAN LEAGUE
East Division

	W	L	Pct.	GB
x-Boston	95	65	.594	—
New York	89	72	.553	6½
Toronto	86	74	.538	9
Detroit	86	75	.534	9½
Cleveland	83	78	.516	12½
Milwaukee	75	84	.472	19½
Baltimore	73	88	.453	22½

West Division

	W	L	Pct.	GB
x-California	92	69	.571	—
Texas	86	75	.534	6
Kansas City	76	85	.472	16
Oakland	75	86	.466	17
Chicago	72	89	.447	20
Minnesota	70	91	.435	22
Seattle	67	94	.416	25

x-clinched division title

NATIONAL LEAGUE
East Division

	W	L	Pct.	GB
x-New York	107	54	.665	—
Philadelphia	85	75	.531	21½
St. Louis	79	81	.494	27½
Montreal	78	82	.488	28½
Chicago	69	90	.434	37
Pittsburgh	64	97	.398	43

West Division

	W	L	Pct.	GB
x-Houston	95	66	.590	—
Cincinnati	86	75	.534	9
San Francisco	82	79	.509	13
Los Angeles	73	88	.453	22
San Diego	73	88	.453	22
Atlanta	72	88	.450	22½

x-clinched division title

Football

Selected U.S. College Scores

EAST
Army 41, Yale 24
Brown 24, Princeton 10
Buffalo 29, Villanova 27
Holy Cross 16, Colgate 12
Lafayette 33, Cornell 22
Maine 28, Cent. Connecticut 7
Massachusetts 31, Rhode Island 17
Navy 45, Dartmouth 8
New Hampshire 42, Connecticut 19
Norfolk St. 23, Morgan St. 21
Northeastern 24, Lehigh 20
Penn 42, Columbia 7
Penn St. 31, Rutgers 6
St. John's, NY 38, Fordham 7
Syracuse 41, Missouri 9
Temple 19, Pittsburgh 13
William & Mary 24, Harvard 8
SOUTH
Alabama 28, Notre Dame 10
Auburn 55, W. Carolina 6
Carson-Newman 17, Catawba 6
Clemson 24, Citadel 0
Georgia 14, Mississippi 10
Kentucky 32, S. Mississippi 0
LSU 28, Florida 17
Marshall 16, VMI 9
Miami, Fla. 34, N. Illinois 0
Nebraska 27, S. Carolina 24
N. Carolina 21, Georgia Tech 20
Richmond 56, Boston U. 15
Tennessee 26, Texas-El Paso 16
Vanderbilt 24, Duke 18
Virginia 30, Wake Forest 28
MIDWEST
Bowling Green 17, W. Michigan 3
Cincinnati 24, Louisville 17
Indiana 24, Northwestern 7
Iowa 24, Michigan St. 21
Iowa St. 21, Wyoming 10
Kansas 25, S. Illinois 23
Kent St. 33, Cent. Michigan 30
Miami, Ohio 34, Ohio U. 14
Michigan 34, Wisconsin 17
Minnesota 36, Purdue 9
Ohio St. 14, Illinois 0
Toledo 23, E. Michigan 18
SOUTHWEST
Arkansas 34, Texas Christian 17
Baylor 27, Houston 13
Oklahoma 56, Kansas St. 10
Texas 17, Rice 14
Texas A&M 45, Texas Tech 8
FAR WEST
Arizona St. 16, UCLA 9
Montana 42, E. Washington 37
San Jose St. 45, Fresno St. 41
Stanford 17, San Diego St. 10
Utah St. 42, New Mexico St. 9
Washington 50, California 18
Washington St. 24, Oregon St. 14

CFL Standings

Eastern Division

	W	L	T	PF	PA	Pts
Toronto	7	5	0	276	278	14
Hamilton	6	7	1	333	292	13
Ottawa	3	11	0	274	425	6
Montreal	2	10	0	203	384	4

Western Division

	W	L	T	PF	PA	Pts
Edmonton	10	3	0	396	254	20
Brit Clmb	9	4	0	318	298	18
Winnipeg	8	5	0	393	269	16
Calgary	8	6	0	349	312	16
Saskatchwn	5	7	1	290	370	11

Friday's Result
Calgary 41, Ottawa 21
Saturday's Result
Edmonton 24, Hamilton 23

European Soccer

ENGLISH FIRST DIVISION
Chelsea 0 Charlton 1
Coventry 0 Aston Villa 1
Everton 0 Arsenal 1
Manchester City 1 Leicester 2
Norwich 1 Queens Park Rangers 0
Nottingham Forest 1 Manchester United 1
Sheffield Wednesday 6 Oxford United 1
Southampton 4 Newcastle 1
Tottenham Hotspur 0 Luton 0
Watford 2 West Ham 2
Wimbledon 1 Liverpool 3

Points standings: Nottingham Forest 20, Norwich 20, Liverpool 17, Sheffield Wednesday 16, Everton 15, Coventry 15, Tottenham 15, West Ham 15, Southampton 13, Luton 13, Wimbledon 13, Arsenal 12, Leicester 12, Watford 11, Queen's Park Rangers 11, Oxford 10, Chelsea 9, Charlton 8, Manchester City 7, Aston Villa 7, Manchester United 5, Newcastle 5.

WEST GERMAN FIRST DIVISION
Borussia Dortmund 4, Fortuna Duesseldorf 1
Homburg 1, Kaiserslautern 1
Waldhof Mannheim 1, Borussia Moenchengladbach 1
Bayern Munich 3, Bochum 2
Schalke 2, Cologne 4
Stuttgart 1, Nuremberg 1
Bayer Uerdingen 1, Hamburg 0
Blau-Weiss Berlin 2, Eintracht Frankfurt 2
Bayer Leverkusen 4, Werder Bremen 1

Points standings: Bayern Munich 15, Bayer Leverkusen 13, Stuttgart 12, Hamburg 12, Bayer Uerdingen 11, Werder Bremen 11, Schalke 11, Borussia Dortmund 10, Kaiserslautern 10, Eintracht Frankfurt 9, Bochum 9, Waldhof Mannheim 9, Borussia Moenchengladbach 6, Cologne 6, Homburg 6, Blau-Weiss Berlin 5, Nuremberg 4, Fortuna Duesseldorf 3.

FRENCH FIRST DIVISION:
Nice 1 Monaco 0
Nantes 2 Toulouse 1
Rennes 1 Lens 2
Bordeaux 2 Paris St.Germain 0
Sochaux 2 Marseille 0
Le Havre 3 Nancy 0
Metz 1 Saint Etienne 1
R.C. Paris 2 Brest 2
Lille 1 Auxerre 1
Toulon 3 Laval 0

Points standings: Bordeaux 19, Marseille 17, Paris SG 15, Toulouse 14, Nantes 14, Lille 13, Auxerre 13, Metz 12, Le Havre 12, Monaco 12, Lens 12, Sochaux 12, Nice 12, Brest 11, Laval 10, Saint-Etienne 9, RC Paris 9, Rennes 9, Nancy 8, Toulon 7.

SPANISH FIRST DIVISION
Barcelona 3, Valladolid 0
Real Sociedad 3, Espanol 3
Osasuna 1, Real Madrid 0
Atletico Madrid 1, Gijon 0
Malorca 1, Sevilla 1
Santander 2, Athletic Bilbao 1
Betis 3, Murcia 1
Zaragoza 2, Las Palmas 1
Cadiz 3, Sabadell 1

Point standings: Barcelona 11, Real Madrid 10, Atletico Madrid 9, Malorca 9, Espanol 8, Gijon 8, Zaragoza 8, Valladolid 8, Osasuna 7, Athletic Bilbao 7, Cadiz 7, Betis 7, Sevilla 6, Las Palmas 6, Real Sociedad 5, Santander 5, Sabadell 3, Murcia 2.

ITALIAN FIRST DIVISION
Ascoli 0 Avellino 1
Atalanta 1 Empoli 0
Como 1 Brescia 0
Fiorentina 0 Udinese 1
Inter Milan 4 AS Roma 1
Juventus 0 AC Milan 0
Napoli 3 Torino 1
Verona 1 Sampdoria 1

Point standings: Juventus 7, Napoli 6, Como 6, Inter Milan 5, Avellino 5, Empoli 4, AS Roma 4, Ascoli 4, Verona 4, Torino 3, Fiorentina 3, Sampdoria 3, AC Milan 3, Atalanta 2, Brescia 1, Udinese - 5.

Transition

BASEBALL
American League

AL—Named Larry Barnett, Larry McCoy, Nick Bremigan, Terry Cooney, Rich Garcia and Rocky Roe umpires for the American League Championship Series.

BOSTON—Announced that Tom Seaver will not pitch in the American League Championship Series. Announced that Edward Kenney, vice president and player development director, will retire at the end of the year.

MILWAUKEE—Announced that the contract of Ben Oglivie, outfielder, will not be renewed.

TORONTO—Rehired Jimy Williams, manager, for the 1987 season.

SPORTS BRIEFS

Dancing Brave Wins Arc de Triomphe

PARIS (AP) — Britain's Dancing Brave, ridden by Pat Eddery, scored a brilliant victory Sunday in the 65th Prix de l'Arc de Triomphe, winning by more than half a length after a tough battle in the final straight.

Second was the favored French horse Bering. Triptych was third in a photo finish over Shahrastani.

It was the third triumph in the race for Eddery, an Irishman, and the second consecutive victory for Sheikh Khalid Abdulla, owner of Dancing Brave. His Sagace won last year after a protest.

U.S. Facing Soviet in Volleyball Final

PARIS (AP) — The U.S. volleyball team, the Olympic gold medalist, was to meet the Soviet team, the defending titlist, in the final of the 1986 world men's championship after each team won its semifinal match Saturday, the United States downing Brazil, 15-5, 15-9, 15-3, after the Soviet Union defeated Bulgaria, 15-8, 15-2, 15-13.

The Russians lead the Americans, 4-3, in head-to-head matches this year, but since the 1984 Olympics the series stands at 12-6 in favor of the United States. In the final, the Americans will have five of six starters from their Olympic team and the Russians will have four who started for the 1982 world champions.

Thorpe Leads Southern Open Golf

COLUMBUS, Georgia (AP) — Jim Thorpe came from five shots off the pace Saturday to hold a one-stroke lead after three rounds of the Southern Open golf tournament, shooting a six-under-par 64 for a 54-hole total of 200.

Payne Stewart shot a 68 and was in second place, one shot behind Thorpe. Second-round leader Rod Curl, who had a course record-tying 61 Friday, fell off to a 71 on Saturday and was two shots back. At 202 with him were George Archer, Mike Donald and Fred Wadsworth.

On Friday, Curl shot 11 birdies en route to his nine-under-par round, which equaled the 1982 tournament score of Hale Irwin. Among his birdies were putts of 40 feet (12 meters) on the par-5, 594-yard eighth hole; 25-footers on Nos. 5 and 13, and a 20-footer at No. 17.

For the Record

Amity Chef won the $333,762 Messenger Stakes by 1¾ lengths Saturday night at Roosevelt Raceway in Westbury, New York, and spoiled Barberry Spur's bid for pacing's triple crown. Barberry Spur finished second. *(AP)*

Creme Fraiche won the $850,500 Jockey Club Gold Cup on Saturday at Belmont Park, holding off the heavily favored Turkoman by a head. Creme Fraiche, a 4-year-old gelding who won the Belmont Stakes last year, was ridden by Randy Romero. *(NYT)*

Nico Claesen, a forward on Belgium's World Cup soccer team, flew to London on Saturday to sign for Tottenham of the English league. Claesen has been playing with Standard Liège. *(AFP)*

Turbocharged engines are to be phased out of Formula One auto racing over the next two years and banned in 1989, the sport's world governing body, FISA, announced Friday in Paris. FISA said its executive had decided to return to normally aspirated engines as a safety measure and to preserve competitiveness of some teams, such as Ferrari, that were left behind with the emergence of turbo engines. *(UPI)*

Quotable

- Earl Weaver, who is retiring again as the Baltimore manager, on the first sub-.500 season in his career: "One good thing. The memory of this'll help me stay retired." *(LAT)*

LANGUAGE

Frame-Ups and Setups

By William Safire

WASHINGTON — A State Department spokesman said that the Soviet case against Nicholas S. Daniloff, an American newsman in Moscow, was based on charges that were "contrived," and many news stories promptly jettisoned that weak word for an informal but more widely understood usage: the newsman, it was reported, had been *framed*.

The New York Times reported that a White House official had "said 'a lot of people in this administration are furious' about what he called the 'frame-up' of Daniloff." The Washington Post made no effort to allude to the informality of the verb *frame* and headlined the news of an earlier such instance: "1984 KGB Attempt to Frame Daniloff Reported."

A week later, seeking to equate one of their diplomats accused of spying with the United States newsman who was, according to the administration, taken hostage, the Soviets mimicked that American reaction of *frame-up*. The Soviet spy suspect, Gennadi F. Zakharov, held a news conference that generated this New York Times headline: "Zakharov Charges a 'Setup' by F.B.I." The Washington Post headline quoted the words spoken by Zakharov's Russian translator: "I Was Set Up."

The noun *frame-up*, along with its short form *frame*, is defined by Eric Partridge in his Dictionary of the Underworld as "a criminal act in which an innocent person is made to appear to be a criminal."

In the 16th century, the Middle English noun *frame*, meaning "a construction," gained a more sinister meaning of "contrivance," something fashioned to gain an advantage or undue profit. "He openeth our eyes," wrote Bishop Thomas Watson in 1558, "to see the frames of our enemyes."

Though *frame* as noun and verb is not always pejorative — we proudly hail the *framers* of the Constitution — we take the downside of the word from uses like Shakespeare's "frame of villainies." In 1900, "He could arrange a 'frame-up'" appeared in "The Powers That Prey," a book about crime by "Josiah Flynt" and "Francis Walton" (pseudonyms of Josiah F. Willard and Alfred Hodder), and the *frame-up* became the standard cry of the accused.

The noun *setup*, in the sense of "entrapment," is much newer. In American slang, a *setup* was a billiards term for the opportune lie of the balls left for the next player, or the ice-and-soda fixings for a drink that needed only a shot of the patron's personal booze to turn into a highball. Since the 1920s, the notion of a *setup* being like the pins or ducks set up in a carnival booth to be knocked down has been used for boxers easily defeated. In the 1960s, the term was applied to people in general: the first use found so far is from The Baltimore Sun of Oct. 13, 1968: "That's how the narcs get most guys on possession of narcotics — through set-ups."

Trumped-up should always be hyphenated to separate the past participle and the preposition. The compound is old, its etymology as uncertain as a trumpet that prepares nobody for battle.

The noun *trumpet* is imitative, from the Old High German *trumba*, and it is easy to see a connection with loud tooting in *trump up*. But Joseph Shipley in his Dictionary of Word Origins tells us that the trump in cards "is short for *triumph* . . . the card game was called *triomphe* in French," and from the French *trompe* "came *tromper*, to cheat, whence *tromperie*, cheating." From that might have come the English *to trump*, "to go one better," or *to trump up*, to deceive. Its first use in English to mean "forge" or "fabricate" was in 1695: "His Pouder being . . . disgraced, he was obliged to trump up another Medicine to supply its Defect."

President Reagan, in a recent speech to the United Nations, married "fabricated accusations and trumped-up charges."

The Latin *fabrica* means "workshop" or "structure," similar to *frame*; a connection exists with the turning-from-truth sense of "to frame or invent." "The whole story was fabricated," wrote John Moore in a 1779 commentary on European society, sounding much like Ronald Reagan today; that is also the sense of *cut out of the whole cloth*, fabric that is defined by the OED as "a piece of cloth of the full size as manufactured, as distinguished from a piece that may be cut off or out of it for a garment."

New York Times Service

Novelist P.D. James: The Queen of Crime

By Julian Symons

LONDON — "The bodies were discovered at 8:45 on the morning of Wednesday 18 September by Miss Emily Wharton, a 65-year-old spinster of the parish of St Matthew's in Paddington, London, and Darren Wilkes, aged 10."

These are the opening lines of P. D. James's new book, "A Taste for Death," and they are typical of her work in their factual exactness, their brisk presentation of what we need to know about two characters who are there not just to discover corpses. The bodies, of a tramp and a Member of Parliament, are in the little vestry of the church. The scene is horrific, the room a shambles, 'blood 'everywhere. And it is all garishly lit by the long fluorescent tube that disfigures the little vestry's ceiling. Brightening the blood, making the figures seem unreal, the ghastly light is the particular James touch that makes the reader shudder a little.

"A Taste for Death" is the longest, most ambitious and the best of Phyllis Dorothy James's 10 novels. Her first, "Cover Her Face," was written 25 years ago under the influence of the work of Dorothy L. Sayers, and for a while James stayed in the gentlemanly (or ladylike) tradition of the British detective story. She broke away from it decisively in 1980 with "Innocent Blood," which contains no puzzle element at all. And now, in the new book, she has blended a whodunit and a fully realized modern novel. In Britain it has been given the long, respectful reviews generally accorded only a major novelist. In the United States Alfred A. Knopf will publish it on Nov. 1, and it is already a main Book-of-the-Month Club selection, and has been sold to Warner Books for mass-market reprint for a sum said to be in the high six figures.

The Queen of Crime — a title awarded by publishers, which she would never dream of claiming for herself — lives in an elegant house in London's Holland Park. There, in a partly covered patio garden, we talked about her books, her life, her feelings about detective stories, and about Adam Dalgliesh, the central character in most of her novels.

Dalgliesh, who began as a detective chief inspector and, by her sixth novel "The Black Tower," had risen through the ranks to commander, appears once again in "A Taste for Death." He is a dedicated professional policeman, supremely efficient, sensitive but with reticence verging on coldness in personal matters. In James's first book we are told that Dalgliesh's wife died in childbirth, his infant son shortly thereafter. His withdrawal from any subsequent emotional commitment has been almost total.

"I wanted him to be something more than just a policeman, you see, a complex and sensitive human being. Perhaps that's partly why I also made him a well-known poet, though I've only dared to quote a few lines he wrote, and that was in an early book. What else? I wanted him to be quite obviously very intelligent. I hope I'm not any kind of snob, but if I am — and I suppose we're all snobbish about something or other — I'm an intellectual snob. I do like clever people, and I admire intellect."

If one were creating a character sketch of James purely from a reading of her books, it would be of a cool, collected figure, friendly enough, but probably difficult to know and talk to. But that is not the person who opens the door when you go up the steps and ring the doorbell of her house. She smiles, arms outstretched in greeting, and says, "How lovely to see you, dear." Fellow crime writers, asked for a word or phrase to describe her, said "hospitable," "unpretentious," "marvelously extrovert," "wonderfully friendly," all of which are on the mark. Yet they do not convey her utter lack of affectation and pretension, or the way she radiates good nature and pleasure in whatever she is doing.

"A Taste for Death" introduces the prickly but likable Inspector Kate Miskin, who seems destined to have a part in a future novel. In James's books, women of very different ages and social class are treated with understanding and in considerable depth.

The author lives alone, except

Jerry Bauer

"A crime story should be in favor of rationality."

for two recently acquired Burmese kittens. Her emotional life is strongly linked to her two daughters and their families — she has five grandchildren — who often come to stay.

It has been four years since her previous book, "The Skull Beneath the Skin," was published. Before sitting down to write, she spends considerable time going around with a notebook. The length of her research varies, but "I always seem to know," she says, when the time comes to begin writing.

Her favorite novelist is Jane Austen, whom she rereads every year, and she names Trollope and George Eliot among others who appeal. She has recently become immersed in Henry James. It is no surprise, perhaps, that she doesn't much care for Dickens: "I suppose I'm a classicist, not a romantic. I don't really like the caricatures he makes of characters."

Among modern novelists: "I like Penelope Lively, Margaret Drabble, Anita Brookner. I think C. P. Snow's 'The Masters' is a fine novel, and I respect the whole achievement of the 'Strangers and Brothers' books. And I admire Graham Greene and Evelyn Waugh, admiration rather than enjoyment, although I think Waugh was a wonderful stylist." Joyce and his followers, modern American novelists? No.

The difficult times are now a long way back. She is in her middle 60s, and says with typical cheerful common sense that she has at most four more books left to write. Her immense success has come in the last decade, with the publication in 1977 of "Death of an Expert Witness," followed three years later by "Innocent Blood," which was a best seller in the United States. Before that she sold well enough, but not in such numbers that she felt ready to give up her demanding and enjoyable job as a administrator in the criminal policy department of the Home Office. That job was a triumphant culmination to a life that had contained more pain, unhappiness and struggle than most.

James was 19 when World War II began, and not quite 21 when she married Dr. Connor Bantry White, who served during the war in the Royal Army Medical Corps. She looked after their two daughters, born in 1942 and 1944, and waited for her husband to come home. But White returned from army service a mentally sick man, suffering from what was eventually diagnosed as schizophrenia. Until his death in 1964, he was in and out of mental hospitals.

The later 1940s are a period she doesn't like to talk about. Her husband received no war pension, and the family was extremely poor. She went to evening classes and studied hospital administration, and she got a job as a clerk, which still left the family close to poverty.

In 1968, already the author of three novels, she took an examination for a senior civil servant position in the Home Office. Her work has been immensely useful to her as a crime writer. She was responsible for the appointment of scientists and pathologists to all of England's forensic research laboratories — a role that put her in touch with police authorities throughout the country — and an adviser to ministers on the intricate legal problems relating to juvenile crime.

"A Taste for Death" is her best book in part because she has imagined in detail the settings in which she has placed even minor characters. One lives in a dismally ordinary block of modern flats, brought to life for us by the observation of twin flower beds outside, filled with variously colored dahlias that "glare upwards like a bloodshot eye" at the inhabitants.

Although James hopes her own books will be treated as more than light entertainment, she is quite undogmatic about whether a crime story should be serious or frivolous.

"I don't think there's any one thing it should be. If it's to satisfy readers it must be excellent of its kind, and there are several kinds. I very much enjoy Edmund Crispin, who's extremely frivolous, with a marvelous comic sense. I like Sayers in spite of her social snobbery. She wrote very well. Agatha Christie wrote badly, but I respect her ingenuity. I take a lot of pleasure in Dick Francis. I don't like Patricia Highsmith's books about Tom Ripley, a psychopath who is made the hero. I think a crime story should be in favor of rationality. That's what the form is all about."

Among Americans, she admires Raymond Chandler, Ross MacDonald and particularly Dashiell Hammett, who "at his best was a very fine novelist," she says. "I haven't read Elmore Leonard. And of course I couldn't write like an American, or like any of the others for that matter. But I don't think that's the way to put it. Our books are an expression of our personalities. I write detective stories. I hope they're novels too, and I don't see any contradiction in that. But if I felt there was a contradiction, if the detective element got in the way of the novel and I had to sacrifice one or the other, then the detective element would have to go. I hope and believe I shan't have to make such a choice. I believe you write as you need to write, and you do the best you can with your particular talent. You're lucky enough to have been born with a gift, and you should be grateful for it."

Julian Symons is a British crime writer and critic and the author of "Bloody Murder," a history of the crime novel. This article was excerpted from The New York Times Magazine.

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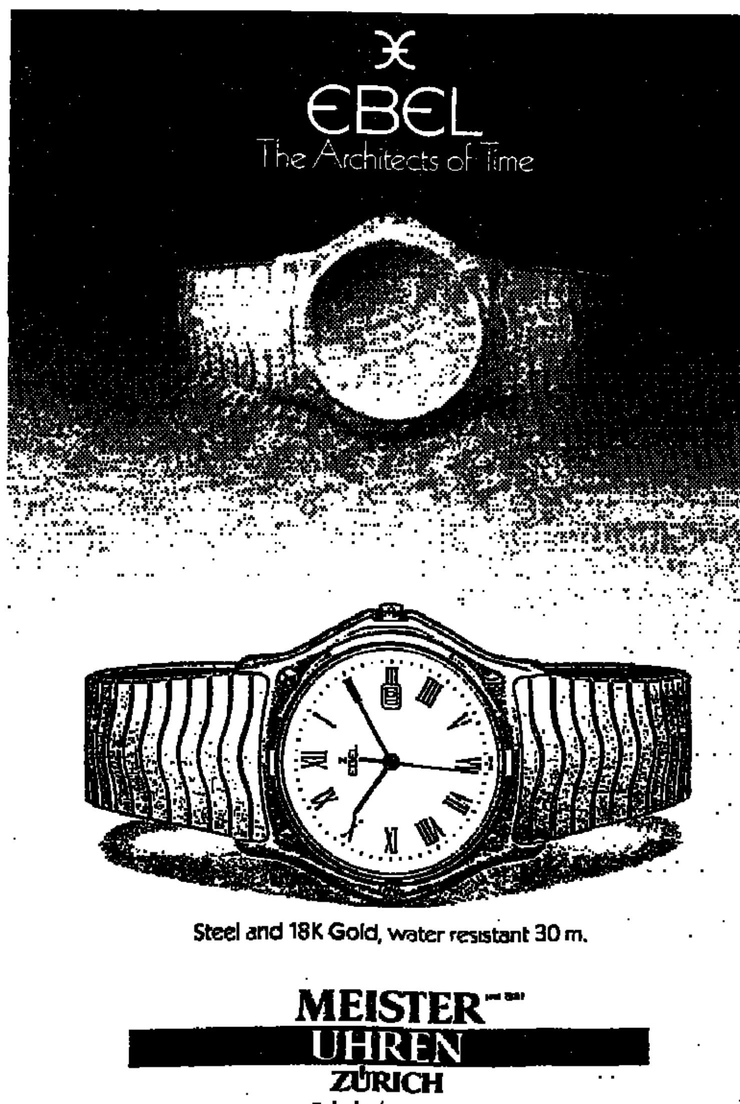

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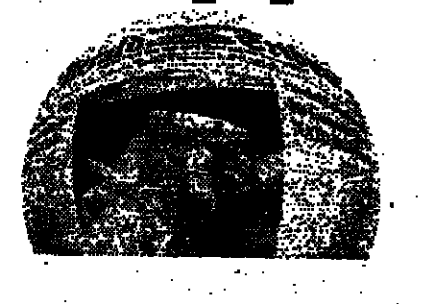

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